



**ROANOKE CITY COUNCIL
REGULAR SESSION**

**SEPTEMBER 18, 2006
2:00 P.M.**

CITY COUNCIL CHAMBER

AGENDA

1. Call to Order--Roll Call.

The Invocation will be delivered by Mayor C. Nelson Harris.

The Pledge of Allegiance to the Flag of the United States of America will be led by Mayor Harris.

Welcome. Mayor Harris.

NOTICE:

Meetings of Roanoke City Council are televised live on RVTV Channel 3. Today's Council meeting will be replayed on Channel 3 on Thursday, September 21, 2006, at 7:00 p.m., and Saturday, September 23, 2006, at 4:00 p.m. Council meetings are offered with closed captioning for the hearing impaired.

ANNOUNCEMENTS:

THE PUBLIC IS ADVISED THAT MEMBERS OF COUNCIL RECEIVE THE CITY COUNCIL AGENDA AND RELATED COMMUNICATIONS, REPORTS, ORDINANCES AND RESOLUTIONS, ETC., ON THE WEDNESDAY PRIOR TO THE COUNCIL MEETING TO PROVIDE SUFFICIENT TIME FOR REVIEW OF INFORMATION. CITIZENS WHO ARE INTERESTED IN OBTAINING A COPY OF ANY ITEM LISTED ON THE AGENDA MAY CONTACT THE CITY CLERK'S OFFICE, ROOM 456, NOEL C. TAYLOR MUNICIPAL BUILDING, 215 CHURCH AVENUE, S. W., OR CALL 853-2541.

THE CITY CLERK'S OFFICE PROVIDES THE MAJORITY OF THE CITY COUNCIL AGENDA ON THE INTERNET FOR VIEWING AND RESEARCH PURPOSES. TO ACCESS AGENDA MATERIAL, GO TO THE CITY'S HOMEPAGE AT WWW.ROANOKEVA.GOV, CLICK ON THE SERVICE ICON, CLICK ON COUNCIL AGENDAS TO ACCESS THE APPROPRIATE AGENDA AND COUNCIL MEETING. IF ADOBE ACROBAT IS NOT AVAILABLE, A PROMPT WILL APPEAR TO DOWNLOAD PRIOR TO VIEWING AGENDA INFORMATION.

ALL PERSONS WISHING TO ADDRESS COUNCIL ARE REQUESTED TO REGISTER WITH THE STAFF ASSISTANT WHO IS LOCATED AT THE ENTRANCE TO THE COUNCIL CHAMBER. ON THE SAME AGENDA ITEM, ONE TO FOUR SPEAKERS WILL BE ALLOTTED FIVE MINUTES EACH, HOWEVER, IF THERE ARE MORE THAN FOUR SPEAKERS, EACH SPEAKER WILL BE ALLOTTED THREE MINUTES.

ANY PERSON WHO IS INTERESTED IN SERVING ON A CITY COUNCIL APPOINTED AUTHORITY, BOARD, COMMISSION OR COMMITTEE IS REQUESTED TO CONTACT THE CITY CLERK'S OFFICE AT 853-2541, OR ACCESS THE CITY'S HOMEPAGE AT WWW.ROANOKEVA.GOV, TO OBTAIN AN APPLICATION.

2. PRESENTATIONS AND ACKNOWLEDGEMENTS: NONE.

3. CONSENT AGENDA

ALL MATTERS LISTED UNDER THE CONSENT AGENDA ARE CONSIDERED TO BE ROUTINE BY THE MEMBERS OF CITY COUNCIL AND WILL BE ENACTED BY ONE MOTION. THERE WILL BE NO SEPARATE DISCUSSION OF THE ITEMS. IF DISCUSSION IS DESIRED, THE ITEM WILL BE REMOVED FROM THE CONSENT AGENDA AND CONSIDERED SEPARATELY.

- C-1 Minutes of the regular meetings of Council held on Monday, June 5, 2006, Monday, June 19, 2006, Monday, July 3, 2006, and Monday, July 17, 2006.

RECOMMENDED ACTION: Dispense with the reading of the minutes and approve as recorded.

- C-2 A communication from Mayor C. Nelson Harris requesting that Council convene in a Closed Meeting to discuss vacancies on certain authorities, boards, commissions and committees appointed by Council, pursuant to Section 2.2-3711(A)(1), Code of Virginia (1950), as amended.

P 9

RECOMMENDED ACTION: Concur in the request.

- C-3 A communication from Mayor C. Nelson Harris requesting that Council convene in a Closed Meeting to discuss the Citizen of the Year, pursuant to Section 2.2-3711(A)(10), Code of Virginia (1950), as amended.

P 10

RECOMMENDED ACTION: Concur in the request.

- C-4 A communication from Council Member Alfred T. Dowe, Jr., Chair, Personnel Committee, requesting that Council convene in a Closed Meeting to discuss the appointment of a new City Clerk, pursuant to Section 2.2-3711(A)(1), Code of Virginia (1950), as amended.

P 11

RECOMMENDED ACTION: Concur in the request.

- C-5 A communication from the City Manager requesting that Council convene in a Closed Meeting to discuss disposition of publicly-owned property, where discussion in open meeting would adversely affect the bargaining position or negotiating strategy of the public body, pursuant to Section 2.2-3711(A)(3), Code of Virginia (1950), as amended.

P 12

RECOMMENDED ACTION: Concur in the request.

- C-6 Qualification of the following persons:

Stephanie M. Moon as Acting City Clerk of the City of Roanoke, effective September 9, 2006;

A. L. Gaskins as a member of the Regional Virginia Alcohol Safety Action Program Policy Board, for a term ending June 30, 2008;

William D. Bestpitch as a member of the Roanoke Valley Allegheny Regional Commission, for a term ending June 30, 2009;

Harold F. Wallick, Jr., as a member of the Towing Advisory Board, for a term ending June 30, 2009;

Juan D. Motley as a member of the Roanoke Civic Center Commission, for a term ending September 30, 2009; and

Christie M. Wills as a Commissioner of the Roanoke Redevelopment and Housing Authority, for a term ending August 31, 2010.

RECOMMENDED ACTION: Receive and file.

REGULAR AGENDA

4. PUBLIC HEARINGS: NONE.

5. PETITIONS AND COMMUNICATIONS:

- a. Joint communication from Mayor C. Nelson Harris and Council Member Gwen W. Mason recommending that the City of Roanoke become a full member of ICLEI – Local Governments for Sustainability (formerly known as International Council for Local Environmental Initiatives).

P 13;
R 15

6. REPORTS OF OFFICERS:

a. CITY MANAGER:

BRIEFINGS: NONE.

ITEMS RECOMMENDED FOR ACTION:

1. Acceptance of a Runaway and Homeless Youth Outreach Program Grant from the United States Department of Health and Human Services, in the amount of \$134,381.00; and appropriation of funds.
2. Execution of Amendment No. 1 to the Operating Agreement dated November 10, 2005, with Meadowbrook Golf Group, Inc., for the operation of Countryside Golf Club.

P 18;
R 21;
B/O 22

P 23;
O 25

b. CITY ATTORNEY:

1. Amendment of the City Code to amend the definition of "moped" in order to be consistent with the State Code.
2. Amendment of the City Code to exempt mandatory gratuities or service charges required to be paid by the purchaser from the food and beverage tax, to a certain percentage.

P 27;
O 28

P 29;
O 30

7. REPORTS OF COMMITTEES:

- a. Request of the Roanoke City School Board for appropriation of funds to various school grants and programs; and a report of the Director of Finance recommending that Council concur in the request. Kenneth F. Mundy, Executive Director of Fiscal Services, Spokesperson.

P 32;
B/O 34

8. UNFINISHED BUSINESS: NONE.

9. INTRODUCTION AND CONSIDERATION OF ORDINANCES AND RESOLUTIONS:

- a. A Resolution authorizing the City's participation in the National League of Cities' Partnership for Working Towards Inclusive Communities.

R 35

- b. A Resolution authorizing issuance of not to exceed \$7.5 million General Obligation School Bonds to finance a portion of the cost of certain capital improvements at Patrick Henry High School. (Public hearing was held on Monday, June 21, 2004.)

P 37;
R 39

10. MOTIONS AND MISCELLANEOUS BUSINESS:

- a. Inquiries and/or comments by the Mayor and Members of City Council.
- b. Vacancies on certain authorities, boards, commissions and committees appointed by Council.
- c. Expiration of the two-year terms of office of William M. Hackworth, City Attorney; Jesse A. Hall, Director of Finance; Troy A. Harmon, Municipal Auditor; and Mary F. Parker, City Clerk, on September 30, 2006. (A communication was submitted by the City Clerk advising of her retirement, effective October 1, 2006.)

P 144

11. HEARING OF CITIZENS UPON PUBLIC MATTERS:

CITY COUNCIL SETS THIS TIME AS A PRIORITY FOR CITIZENS TO BE HEARD. MATTERS REQUIRING REFERRAL TO THE CITY MANAGER WILL BE REFERRED IMMEDIATELY FOR RESPONSE, RECOMMENDATION OR REPORT TO COUNCIL.

12. CITY MANAGER COMMENTS:

THE COUNCIL MEETING WILL BE DECLARED IN RECESS TO BE RECONVENED AT 7:00 P.M., IN THE CITY COUNCIL CHAMBER, ROOM 450, NOEL C. TAYLOR MUNICIPAL BUILDING.



**ROANOKE CITY COUNCIL
REGULAR SESSION**

**SEPTEMBER 18, 2006
7:00 P.M.**

CITY COUNCIL CHAMBER

AGENDA

Call to Order -- Roll Call.

The Invocation will be delivered by Council Member Alfred T. Dowe, Jr.

The Pledge of Allegiance to the Flag of the United States of America will be led by Mayor C. Nelson Harris.

Welcome. Mayor Harris.

NOTICE:

Meetings of Roanoke City Council are televised live on RVTv Channel 3. Tonight's Council meeting will be replayed on Channel 3 on Thursday, September 21, 2006, at 7:00 p.m., and Saturday, September 23, 2006, at 4:00 p.m. Council meetings are offered with closed captioning for the hearing impaired.

A. PUBLIC HEARINGS:

1. Request of Haitian Sinai Baptist Church that property located at 2905 Cove Road, N. W., be rezoned from R-7, Residential Single Family District, to INPUD, Institutional Planned Unit Development District, to allow for a place of worship. Castin Mesadieu, Pastor, Spokesperson. P 145;
O 159
2. Approval of the issuance of general obligation bonds in an amount estimated not to exceed \$2.1 million for financing capital improvements for Monterey Elementary School. George J. A. Clemon, Attorney. P 161;
R 163
3. Amendment to the boundaries of Enterprise Zone One A and Enterprise Zone Two and its Subzone, and modifying local incentives for each zone. Darlene L. Burcham, City Manager. P 270;
R 278;
O 281;
R 285;
O 288;
B/O 291
4. Proposal of the City of Roanoke to lease to Francine Barish-Stern Bray, d/b/a Creations, 284 square feet of space in the City Market Building located at 32 Market Square, for a term of one year. Darlene L. Burcham, City Manager. P 292;
O 315
5. Proposed adjustment to the aggregate amount of the City's fiscal year 2006-2007 Annual Budget; authorization for the City Manager to execute a Memorandum of Understanding with the School Board to provide for the sale of motor fuel to the school system; and appropriation of funds. Darlene L. Burcham, City Manager. (The public hearing will be rescheduled to be held on Monday, October 2, 2006, at 2:00 p.m., in the City Council Chamber.)
6. Proposal of the City of Roanoke to convey to Appalachian Power Company an easement across City-owned property to provide electric service to the new Fire-EMS Headquarters Building located at Elm Avenue and Franklin Road, S. W. Darlene L. Burcham, City Manager. P 316;
O 323

B. HEARING OF CITIZENS UPON PUBLIC MATTERS:

CITY COUNCIL SETS THIS TIME AS A PRIORITY FOR CITIZENS TO BE HEARD. MATTERS REQUIRING REFERRAL TO THE CITY MANAGER WILL BE REFERRED IMMEDIATELY FOR RESPONSE, RECOMMENDATION OR REPORT TO COUNCIL.



C. NELSON HARRIS
Mayor

CITY OF ROANOKE
OFFICE OF THE MAYOR

215 CHURCH AVENUE, S.W., ROOM 452
ROANOKE, VIRGINIA 24011-1594
TELEPHONE: (540) 853-2444
FAX: (540) 853-1145

September 18, 2006

The Honorable Vice-Mayor and Members
of the Roanoke City Council
Roanoke, Virginia

Dear Members of Council:

This is to request a Closed Meeting to discuss vacancies on certain authorities, boards, commissions and committees appointed by Council, pursuant to Section 2.2-3711 (A)(1), Code of Virginia (1950), as amended.

Sincerely,

A handwritten signature in black ink that reads "C. Nelson Harris". The signature is written in a cursive, flowing style.

C. Nelson Harris
Mayor

CNH:snh



C. NELSON HARRIS
Mayor

CITY OF ROANOKE
OFFICE OF THE MAYOR

215 CHURCH AVENUE, S.W., ROOM 452
ROANOKE, VIRGINIA 24011-1594
TELEPHONE: (540) 853-2444
FAX: (540) 853-1145

September 18, 2006

The Honorable Vice-Mayor and Members
of the Roanoke City Council
Roanoke, Virginia

Dear Members of Council:

This is to request a Closed Meeting to discuss the Citizen of the Year, pursuant to Section 2.2-3711 (A)(10), Code of Virginia (1950), as amended.

Sincerely,

A handwritten signature in black ink that reads "C. Nelson Harris". The signature is written in a cursive, flowing style.

C. Nelson Harris
Mayor

CNH:snh



C. NELSON HARRIS
Mayor

CITY OF ROANOKE

CITY COUNCIL

215 Church Avenue, S.W.
Noel C. Taylor Municipal Building, Room 456
Roanoke, Virginia 24011-1536
Telephone: (540) 853-2541
Fax: (540) 853-1145

Council Members:
Alfred T. Dowe, Jr.
Beverly T. Fitzpatrick, Jr.
Sherman P. Lea
Gwen W. Mason
David B. Trinkle
Brian J. Wishneff

September 18, 2006

The Honorable Mayor and Members
of the Roanoke City Council
Roanoke, Virginia

Dear Mayor Harris and Members of Council:

This is to request a Closed Meeting to discuss the appointment of a new City Clerk, pursuant to Section 2.2-3711 (A)(1), Code of Virginia (1950), as amended.

With kindest regards, I am

Sincerely,

A handwritten signature in black ink, appearing to read "Alfred T. Dowe, Jr.", is written over a large, stylized circular flourish.

Alfred T. Dowe, Jr., Chair
Personnel Committee

ATDJr:snh



CITY OF ROANOKE

OFFICE OF THE CITY MANAGER

Noel C. Taylor Municipal Building
215 Church Avenue, S.W., Room 364
Roanoke, Virginia 24011-1591
Telephone: (540) 853-2333
Fax: (540) 853-1138
City Web: www.roanokeva.gov

September 18, 2006

The Honorable Mayor and Members
of City Council
Roanoke, Virginia

Subject: Request for closed meeting

Dear Mayor Harris and Council Members:

This is to request that City Council convene a closed meeting to discuss the disposition of publicly-owned property, where discussion in open meeting would adversely affect the bargaining position or negotiating strategy of the public body, pursuant to §2.2-3711.A.3, Code of Virginia (1950), as amended.

Sincerely,

A handwritten signature in cursive script, reading "Darlene L. Burcham".

Darlene L. Burcham
City Manager

DLB/f

c: William M. Hackworth, City Attorney
Jesse A. Hall, Director of Finance
Stephanie M. Moon, Acting City Clerk



C. NELSON HARRIS
Mayor

CITY OF ROANOKE

CITY COUNCIL

215 Church Avenue, S.W.
Noel C. Taylor Municipal Building, Room 456
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Telephone: (540) 853-2541
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5.a.

September 18, 2006

Council Members:
Alfred T. Dowe, Jr.
Beverly T. Fitzpatrick, Jr.
Sherman P. Lea
Gwen W. Mason
David B. Trinkle
Brian J. Wishneff

The Honorable David B. Trinkle, Vice Mayor
The Honorable Alfred T. Dowe, Jr., Council Member
The Honorable Beverly T. Fitzpatrick, Jr., Council Member
The Honorable Sherman T. Lea, Council Member
The Honorable Brian J. Wishneff, Council Member

**Subject: Membership in
ICLEI-Local Governments
for Sustainability**

Dear Vice-Mayor Trinkle and Members of Council:

On September 5, 2006, City Council was briefed concerning staff actions being taken to help preserve the natural environment of Roanoke. While staff work in this area is important, there is the broader issue of climate protection. In this regard, a number of international, national and local initiatives aimed at reducing greenhouse gases resulting in improved climate protection are underway including the Kyoto Protocol, the U.S. Mayors Climate Protection Agreement, Cool Cities and Cities for Climate Protection, sponsored by ICLEI- Local Governments for Sustainability.

After researching potential initiatives that could be applicable, we believe joining ICLEI- Local Governments for Sustainability is the best fit for Roanoke. ICLEI sponsors the Cities for Climate Protection Campaign which engages communities worldwide to develop actions to help reduce pollution that causes global warming.

Potential areas for reducing global warming in Roanoke could include: practicing and promoting sustainable or "green" building practices; continued retrofitting city facilities for future energy savings; preserving open space; increasing recycling, using alternative fuels, increasing the size of our urban forest; increasing education about global warming; and encouraging the community to become involved in efforts to reduce global warming.

Vice-Mayor Trinkle and Members of City Council
September 18, 2006
Page 2

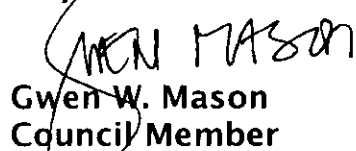
Recommended Action:

Endorse the attached resolution which allows Roanoke to become a full member of ICLEI- Local Governments for Sustainability.

Respectfully Submitted,



C. Nelson Harris
Mayor



Gwen W. Mason
Council Member

pc: Darlene L. Burcham, City Manager
Jesse A. Hall, Director of Finance
William M. Hackworth, City Attorney
Stephanie M. Moon, Acting City Clerk

IN THE COUNCIL OF THE CITY OF ROANOKE, VIRGINIA,

A RESOLUTION authorizing the City of Roanoke to become a full member of ICLEI – Local Governments for Sustainability, and to develop an emission reduction target and action plan.

WHEREAS, scientific consensus has developed that carbon dioxide and other greenhouse gases released into the atmosphere have a profound effect on the Earth's climate;

WHEREAS, in 2006 the United States National Climatic Data Center confirmed clear evidence of human influences on climate due to changes in greenhouse gases;

WHEREAS, the U.S. Conference of Mayors endorsed the 2005 U.S. Mayors' Climate Protection Agreement initiated by Seattle Mayor Nickels and signed by 284 mayors in the United States as of August, 2006;

WHEREAS, the Urban Environmental Accords adopted by local government delegates during UN World Environment Day 2005 call for reduced emissions through energy efficiency, land use and transportation planning, waste reduction, and wiser energy management;

WHEREAS, in 2003 the American Geophysical Union adopted a statement noting that human activities are increasingly altering the Earth's climate and that natural influences cannot explain the rapid increase in near-surface temperatures observed during the second half of the 20th century;

WHEREAS, in 2001 the National Academy of Sciences reviewed and declared global warming a real problem caused in part by the actions of humankind;

WHEREAS, the 2001 Third Assessment Report from the International Panel on Climate Change and the 2000 U.S. Global Change Research Program's First National Assessment indicate

that global warming has begun;

WHEREAS, 162 countries, including the United States, pledged under the United Nations Framework Convention on Climate Change to reduce their greenhouse gas emissions;

WHEREAS, energy consumption, specifically the burning of fossil fuels, accounts for more than 80% of greenhouse gas emissions in the United States;

WHEREAS, local government actions taken to reduce greenhouse gas emissions and increase energy efficiency provide multiple local benefits by decreasing air pollution, creating jobs, reducing energy expenditures, and saving money for the local government, its businesses, and its residents; and

WHEREAS, the Cities for Climate Protection® Campaign sponsored by ICLEI – Local Governments for Sustainability (“ICLEI”) has invited the City of Roanoke to join ICLEI and become a partner in the Cities for Climate Protection Campaign;

THEREFORE, BE IT RESOLVED by the Council of the City of Roanoke that:

1. Council concurs in the recommendation that the City of Roanoke join ICLEI as a full member and participate in the Cities for Climate Protection Campaign and, as a participant, pledges to take a leadership role in promoting public awareness about the causes and impacts of climate changes.

2. Council concurs in the recommendation that the City of Roanoke undertake the Cities for Climate Protection Campaign’s five milestones to reduce both greenhouse gas and air pollution emissions throughout the community, and specifically:

- Conduct a greenhouse gas emission inventory and forecast to determine the source and quantity of greenhouse gas emissions in the City;
- Establish a greenhouse gas emissions reduction target;

- Develop an action plan with both existing and future actions which, when implemented, will meet the local greenhouse gas reduction target;
- Implement the action plan; and
- Monitor and report progress.

3. Council concurs in the recommendation that the City of Roanoke request assistance from ICLEI's Cities for Climate Protection Campaign as it progresses through the milestones as more particularly set forth in the City Manager's letter dated September 18, 2006, to this Council.

4. The City Manager, or her designee, and the City Clerk, are hereby authorized to execute and attest, respectively, any and all requisite documents pertaining to the City's becoming a full member of ICLEI – Local Governments for Sustainability, such documents to be approved as to form by the City Attorney, and to furnish such additional information as may be required in connection with establishing and maintaining the City's membership with ICLEI and carrying out the terms of this resolution.

ATTEST:

City Clerk.



CITY OF ROANOKE OFFICE OF THE CITY MANAGER

Noel C. Taylor Municipal Building
215 Church Avenue, S.W., Room 364
Roanoke, Virginia 24011-1591

Telephone: (540) 853-2333
Fax: (540) 853-1138
City Web: www.roanokeva.gov

September 18, 2006

Honorable C. Nelson Harris, Mayor
Honorable David B. Trinkle, Vice Mayor
Honorable Alfred T. Dowe, Jr., Council Member
Honorable Beverly T. Fitzpatrick, Jr., Council Member
Honorable Sherman P. Lea, Council Member
Honorable Gwendolyn W. Mason, Council Member
Honorable Brian J. Wishneff, Council Member

Dear Mayor Harris and Members of Council

Subject: Acceptance of United States
Department of Health and
Human Services funds for the
Runaway and Homeless Youth
Act program, Sanctuary
Outreach

Background:

The U.S. Department of Health and Human Services awards grants for services in three-year cycles. The City of Roanoke has been selected as a grantee for the second year of a three-year funding cycle for the Runaway and Homeless Youth program under the provisions of the Runaway and Homeless Youth Act. The amount of the grant is \$134,381 annually. The project period for this grant began September 30, 2005 and will end on September 29, 2008. These funds are used to cover the salary and fringe benefits of a Youth Counselor III, a Youth Counselor II, a Relief Counselor and related program activities in the Sanctuary Outreach program. The required local match is offered as in-kind services.

The focus of this program is to alleviate the problems of runaway and homeless youth and their families, strengthen family relationships and encourage stable living conditions. The early intervention of Sanctuary Outreach staff in a combination of shelter based and home based services offers runaway and homeless youth and their families, supportive services that

will decrease the incidence of repeat runaway episodes. Program services include: 24 hour intake and referral access, temporary shelter, individual, group and family counseling, community service linkages, aftercare services, case disposition and recreation opportunities.


Recommended Action(s):

Adopt a resolution accepting the \$134,381 in funding from the U.S. Department of Health and Human Services, Grant #03CY0459/2 for Sanctuary's Runaway and Homeless Youth Outreach program.

Authorize the City Manager to execute the grant agreement and any other forms required by the Department of Health and Human Services in order to accept these funds; such documents to be approved as to form by the City Attorney.

Adopt the accompanying budget ordinance to establish a revenue estimate in the amount of \$134,381 in the Grant Fund and appropriate funding in the same amount to expenditure accounts to be established by the Director of Finance as detailed in Attachment A.

Respectfully submitted,



Darlene L. Burcham
City Manager

DLB:jo

c: Mary F. Parker, City Clerk
William M. Hackworth, City Attorney
Jesse A. Hall, Director of Finance
Rolanda B. Russell, Assistant City Manager for Community Development
Jane Conlin, Director of Human/Social Services

CM06-00156

Attachment A
U.S. Department of Health and Human Services RHY
2006—2007 Account Set-up Transactions

Account No.	Description	Amount
	Revenue—2006/2007 RHY grant	\$134,381.00
	Total revenue	\$134,381.00
Expenditures:		
1002	Regular Salaries	\$ 63,939.00
1004	Temporary Employees	\$ 3,053.00
1105	Retirement	\$ 8,227.00
1116	ICMA Match	\$ 1,300.00
1120	FICA	\$ 5,225.00
1125	Health	\$ 7,080.00
1126	Dental	\$ 474.00
1130	Life	\$ 729.00
1131	Long term disability	\$ 166.00
2021	Telephone Cellular	\$ 1,920.00
2030	Administrative Supplies	\$ 1,850.00
2042	Dues and memberships	\$ 700.00
2044	Training and Development	\$ 6,529.00
2046	Local Mileage	\$ 740.00
2066	Program Activities	<u>\$ 32,449.00</u>
	Total expenditures	\$134,381.00



IN THE COUNCIL OF THE CITY OF ROANOKE, VIRGINIA,

A RESOLUTION authorizing the acceptance of a grant from the United States Department of Health and Human Services to be used for salary and fringe benefits of counselors and related activities in the Sanctuary Outreach Program; and authorizing the execution of the necessary documents.

BE IT RESOLVED by the Council of the City of Roanoke that:

1. The City of Roanoke hereby accepts the United States Department of Health and Human Services' Runaway and Homeless Youth Program Grant (No. 03CY0459/2), in the amount of \$134,381.00 to be used for salary and fringe benefits of counselors and related activities in the Sanctuary Outreach Program, and as more particularly set forth in the September 18, 2006, letter of the City Manager to this Council.

2. The City Manager is hereby authorized to execute any and all requisite documents, upon form approved by the City Attorney, and to furnish such additional information as may be required in connection with the City's acceptance of this grant.

ATTEST:

City Clerk.

IN THE COUNCIL OF THE CITY OF ROANOKE, VIRGINIA

AN ORDINANCE appropriating funds from the federal government for the Runaway and Homeless Youth Act Grant, amending and reordaining certain sections of the 2006-2007 Grant Fund Appropriations, and dispensing with the second reading by title of this ordinance.

BE IT ORDAINED by the Council of the City of Roanoke that the following sections of the 2006-2007 Grant Fund Appropriations be, and the same are hereby, amended and reordained to read and provide as follows:

Grant Fund

Appropriations

Regular Employee Salaries	35-630-5143-1002	\$63,939
Temporary Employee Wages	35-630-5143-1004	3,053
City Retirement	35-630-5143-1105	8,227
ICMA Match	35-630-5143-1116	1,300
FICA	35-630-5143-1120	5,225
Medical Insurance	35-630-5143-1125	7,080
Dental Insurance	35-630-5143-1126	474
Life Insurance	35-630-5143-1130	729
Disability Insurance	35-630-5143-1131	166
Telephone Cellular	35-630-5143-2021	1,920
Administrative Supplies	35-630-5143-2030	1,850
Dues and Memberships	35-630-5143-2042	700
Training and Development	35-630-5143-2044	6,529
Local Mileage	35-630-5143-2046	740
Program Activities	35-630-5143-2066	32,449

Revenues

Runaway and Homeless Grant FY07	35-630-5143-5143	134,381
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Pursuant to the provisions of Section 12 of the City Charter, the second reading of this ordinance by title is hereby dispensed with.

ATTEST:

City Clerk.



CITY OF ROANOKE OFFICE OF THE CITY MANAGER

Noel C. Taylor Municipal Building
215 Church Avenue, S.W., Room 364
Roanoke, Virginia 24011-1591

Telephone: (540) 853-2333
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September 18, 2006

Honorable C. Nelson Harris, Mayor
Honorable David B. Trinkle, Vice Mayor
Honorable Beverly T. Fitzpatrick, Jr., Council Member
Honorable Alfred T. Dowe, Jr., Council Member
Honorable Sherman P. Lea, Council Member
Honorable Gwen W. Mason, Council Member
Honorable Brian J. Wishneff, Council Member

Dear Mayor Harris and Members of Council:

Subject: Extension of Operating
Agreement for Countryside Golf Course

Background:

On November 10, 2005, the City executed an agreement with Meadowbrook Golf Group, Inc. to operate the Countryside Golf Course for a period of one year. The agreement will expire on October 31, 2006. The agreement provides that it may be extended for an additional year on terms and conditions agreed upon by the parties.

The management agreement provides for the Meadowbrook Golf Group, Inc. to operate and maintain the golf course property in a manner consistent with the current operation of the course. All expenses for operating the course are the responsibility of Meadowbrook, which collects all income generated by the use of the property.

Considerations:

The City is actively seeking a master developer for the Countryside property. Once a developer is identified, there will be considerable time devoted to developing a detailed master plan. Therefore, it is unlikely that any construction could be commenced prior to October 31, 2007.

Meadowbrook has requested that the annual management fee paid to the City during the term of the agreement be reduced from the current amount of \$35,000 to \$17,500 for the future one year term. Reduction of the management fee would be reflected in the new Operating Agreement, with all other terms remaining the same as the current agreement. Staff is agreeable to this request and recommends the reduction in the management fee.

Recommended Action:

Authorize the City Manager to execute an extension of the Operating Agreement with the Meadowbrook Golf Group, Inc., on behalf of the City of Roanoke, for the term November 1, 2006, through October 31, 2007, in such form as approved by the City Attorney.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Darlene Burcham". The signature is fluid and cursive, with a large initial "D".

Darlene L. Burcham
City Manager

DLB:cc

c: Stephanie M. Moon, Acting City Clerk
William M. Hackworth, City Attorney
Jesse A. Hall, Director of Finance
Rolanda Russell, Assistant City Manager for Community Development
Brian Townsend, Director, Planning, Building and Economic Development

CM06-00163

IN THE COUNCIL OF THE CITY OF ROANOKE, VIRGINIA

AN ORDINANCE authorizing the City Manager to execute a First Amendment to the November 10, 2005, Operating Agreement between the City of Roanoke (City) and Meadowbrook Golf Group, Inc. (Meadowbrook); authorizing the City Manager to take such further action and execute additional documents to implement and administer such First Amendment to Operating Agreement; and dispensing with the second reading by title of this ordinance.

WHEREAS, the City and Meadowbrook entered into an Operating Agreement dated November 1, 2005, for Meadowbrook to operate, manage and conduct the business and services of the Countryside Golf Club for one year;

WHEREAS, the City and Meadowbrook wish to extend the term of the Operating Agreement for one additional year, until October 31, 2007, upon certain terms and conditions as set forth in the First Amendment to Operating Agreement; and

WHEREAS, Section 4.2 of the Operating Agreement established the term of such Operating Agreement to be from November 1, 2005, through October 31, 2006, but was subject to being renewed for an additional term of one year.

THEREFORE, BE IT ORDAINED by the Council of the City of Roanoke as follows:

1. The City Manager and the City Clerk are hereby authorized on behalf of the City to execute and attest, respectively, a First Amendment to the Operating Agreement with Meadowbrook dated November 10, 2005, for a term of one year, for Meadowbrook to operate,

manage and conduct the business and services of the Countryside Golf Club, all as more particularly set forth in the City Manager's letter to Council dated September 18, 2006; such amendment to be approved as to form by the City Attorney.

2. The City Manager is further authorized to take such action and execute such documents as may be necessary to provide for the implementation, administration, and enforcement of such Amendment.

3. Pursuant to the provisions of Section 12 of the City Charter, the second reading of this ordinance by title is hereby dispensed with.

ATTEST:

City Clerk.



WILLIAM M. HACKWORTH
CITY ATTORNEY

CITY OF ROANOKE
OFFICE OF CITY ATTORNEY
464 MUNICIPAL BUILDING
215 CHURCH AVENUE, SW
ROANOKE, VIRGINIA 24011-1595

TELEPHONE: 540-853-2431
FAX: 540-853-1221
EMAIL: cityatty@roanokeva.gov

TIMOTHY R. SPENCER
STEVEN J. TALEVI
GARY E. TEGENKAMP
DAVID L. COLLINS
HEATHER P. FERGUSON
ASSISTANT CITY ATTORNEYS

September 18, 2006

The Honorable Mayor and Members
of City Council
Roanoke, Virginia

Re: Mopeds

Dear Mayor Harris and Members of Council:

During its last session, the General Assembly amended the definition of "moped" as used in the State motor vehicle laws. See Section 46.2-100, Code of Virginia. (The City supported this amendment.) Section 20-131 of the City Code, which defines mopeds, should be amended accordingly, in order to be consistent with the State Code. I have attached for your consideration an ordinance which would accomplish this.

Please let me know if you have any questions about this matter.

With kindest personal regards, I am

Sincerely yours,

A handwritten signature in black ink, appearing to read "William M. Hackworth".

William M. Hackworth
City Attorney

WMH/lsc
Enclosures

c: Darlene L. Burcham, City Manager
Chief A.L. Gaskins, Roanoke City Police Department
Stephanie M. Moon, Acting City Clerk

IN THE COUNCIL OF THE CITY OF ROANOKE, VIRGINIA

AN ORDINANCE amending and reordaining Section 20-131, Definition, age of operation, of Division 1, Generally, of Article VII, Mopeds, Bicycles And Electric Power-Assisted Bicycles of Chapter 20, Motor Vehicles and Traffic; and dispensing with the second reading by title of this ordinance.

BE IT ORDAINED by the Council of the City of Roanoke as follows:

1. Section 20-131, Definition, age of operation, of Chapter 20, Motor Vehicles and Traffic, is hereby amended and reordained to read and provide as follows:

§ 20-131. Definition, age of operation.

* * *

~~Moped is defined as a conveyance that is either (a) a bicycle-like device with pedals and a helper motor which is rated at no more than two (2) brake horsepower and produces speeds up to a maximum of thirty (30) miles per hour; or (b) a motoreycle with an engine displacement of fifty (50) cubic centimeters or less and a maximum speed of less than thirty (30) miles per hour. "Moped" means every vehicle that travels on not more than three wheels in contact with the ground that has (i) a seat that is no less than 24 inches in height, measured from the middle of the seat perpendicular to the ground and (ii) a gasoline, electric, or hybrid motor that displaces less than 50 cubic centimeters. For purposes of this article, a moped shall be a vehicle when operated on a street. No person under the age of sixteen (16) years shall operate a moped on any street in the city.~~

* * *

2. Pursuant to Section 12 of the City Charter, the second reading of this ordinance by title is hereby dispensed with.

ATTEST:

City Clerk.



WILLIAM M. HACKWORTH
CITY ATTORNEY

CITY OF ROANOKE
OFFICE OF CITY ATTORNEY
464 MUNICIPAL BUILDING
215 CHURCH AVENUE, SW
ROANOKE, VIRGINIA 24011-1595

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DAVID L. COLLINS
HEATHER P. FERGUSON
ASSISTANT CITY ATTORNEYS

September 18, 2006

The Honorable Mayor and Members
of City Council
Roanoke, Virginia

Re: Mandatory Gratuities/Service Charges

Dear Mayor Harris and Members of Council:

During its last session, the General Assembly amended Section 58.1-3840 of the Code of Virginia (1950) to provide that mandatory gratuities or service charges that are added to the cost of a meal are exempt from the meals tax, to the extent that such gratuities or service charges are less than twenty percent of the sales price of the meal. Previously, mandatory gratuities and service charges were not exempt from taxation and subject to the tax in their entirety. I have attached for your consideration an ordinance which amends Section 32-289, Tips and Service Charges, of the City Code to be consistent with the change in State law.

Please let me know if you have any questions about this matter.

With kindest regards, I am

Sincerely yours,

A handwritten signature in cursive script that reads "William M. Hackworth".

William M. Hackworth
City Attorney

WMH:ld

Enclosure

cc: Darlene L. Burcham, City Manager
Stephanie M. Moon, Acting City Clerk
Jesse Hall, Director of Finance
Sherman Stovall, Director of Management and Budget

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IN THE COUNCIL OF THE CITY OF ROANOKE, VIRGINIA,

AN ORDINANCE amending §32-289, Tips and service charges, of Article XIV, Tax on Prepared Food and Beverage, of Chapter 32, Taxation, of the Code of the City of Roanoke (1979) as amended, by exempting mandatory gratuities or service charges required to be paid by a purchaser from the food and beverage tax, to a certain percentage; and dispensing with the second reading of this ordinance by title.

BE IT ORDAINED by the Council of the City of Roanoke that:

1. Section 32-289, Tips and service charges, of Article XIV, Tax on Prepared Food and Beverage, of Chapter 32, Taxation, of the Code of the City of Roanoke (1979), as amended, is hereby amended to read and provide as follows:

32-289. Tips and service charges.

Where a purchaser provides a tip for an employee of a seller, and the amount of the tip is wholly in the discretion of the purchaser, the tip is not subject to the tax imposed by this article, whether paid in cash to the employee or added to the bill and charged to the purchaser's account, provided, in the latter case, the full amount of the tip is turned over to the employee by the seller.

An amount or percent, whether designated as a tip or a service charge, that is added to the price of the meal by the seller, and required to be paid by the purchaser, *shall be exempt from the tax imposed by this article to the extent that the mandatory gratuity or service charge is less than twenty percent of the sales price. Any portion of the mandatory gratuity or service charge that exceeds twenty percent of the sales price is a part of the selling price of the meal and is subject to the tax imposed by this article.*

3. Pursuant to the provisions of Section 12 of the City Charter, the second reading of this ordinance by title is hereby dispensed with.

ATTEST:

City Clerk.

City of Roanoke School Board

7.a.

P.O. Box 13145, Roanoke VA 24031 ■ 540-853-2381 ■ FAX 540-853-2951

David B. Carson,
Chair

Alvin L. Nash,
Vice Chair

Jason E. Bingham
Mae G. Huff
William H. Lindsey
Courtney A. Penn
Todd A. Putney

Marvin T. Thompson,
Superintendent

Cindy H. Poulton,
Clerk of the Board

September 18, 2006

The Honorable C. Nelson Harris, Mayor
and Members of Roanoke City Council
Roanoke, VA 24011

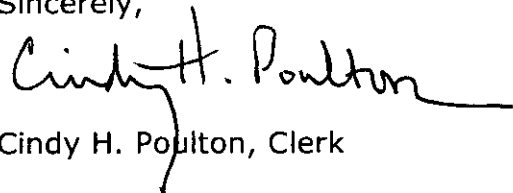
Dear Members of Council:

As the result of official School Board action at its meeting on September 12, the Board respectfully requests City Council to appropriate monies to the following grant programs:

- \$28,541.00 for the Juvenile Detention Home to provide funds for the salary and expenses of the educational coordinators. This continuing program will be one hundred percent reimbursed by state funds.
- \$48,647.00 for the Care Connection Clinic program to provide funds for the salary and expenses of the educational coordinator. This continuing program will be one hundred percent reimbursed by state funds.
- \$47,560.00 for the Reading First Program to provide supplemental intervention materials, classroom reading materials, and library books for Fairview and Lincoln Terrace Elementary Schools. This new program will be one hundred percent reimbursed by federal funds.

The Board thanks you for your approval of the above requests.

Sincerely,



Cindy H. Poulton, Clerk

re

cc: Mr. David B. Carson
Mr. Marvin T. Thompson
Mr. Kenneth F. Mundy
Mrs. Darlene Burcham

Mr. William M. Hackworth
Mr. Jesse A. Hall
Mr. Paul Workman (with
accounting details)



CITY OF ROANOKE

DEPARTMENT OF FINANCE

215 Church Avenue, S.W., Room 461

P.O. Box 1220

Roanoke, Virginia 24006-1220

Telephone: (540) 853-2821

Fax: (540) 853-6142

JESSE A. HALL

Director of Finance

email: jesse_hall@ci.roanoke.va.us

ANN H. SHAWVER

Deputy Director

email: ann_shawver@ci.roanoke.va.us

September 18, 2006

Honorable C. Nelson Harris, Mayor
 Honorable David B. Trinkle, Vice-Mayor
 Honorable Alfred T. Dowe, Jr., Council Member
 Honorable Beverly T. Fitzpatrick, Jr., Council Member
 Honorable Sherman P. Lea, Council Member
 Honorable Gwendolyn W. Mason, Council Member
 Honorable Brian J. Wishneff, Council Member

Dear Mayor Harris and Members of City Council:

Subject: School Board Appropriation Request

As the result of official School Board action at its meeting on September 12, the Board has respectfully requested that City Council appropriate the following grants:

- \$28,541 for the Juvenile Detention Home to provide funds for the salary and expenses of the educational coordinators. This continuing program will be one hundred percent reimbursed by state funds.
- \$48,647 for the Care Connection Clinic program to provide funds for the salary and expenses of the educational coordinator. This continuing program will be one hundred percent reimbursed by state funds.
- \$47,560 for the Reading First Program to provide supplemental intervention materials, classroom reading materials, and library books for Fairview and Lincoln Terrace Elementary Schools. This new program will be one hundred percent reimbursed by federal funds.

We recommend that you concur with this report of the School Board and adopt the attached budget ordinance to appropriate funding as outlined above.

Sincerely,

Jesse A. Hall

Director of Finance

c: Darlene L. Burcham, City Manager
 William M. Hackworth, City Attorney
 Stephanie M. Moon, Acting City Clerk
 Sherman M. Stovall, Director of Management and Budget
 Marvin T. Thompson, Superintendent of City Schools

IN THE COUNCIL OF THE CITY OF ROANOKE, VIRGINIA

AN ORDINANCE to appropriate funding from the Commonwealth and Federal governments to support various school grants and programs, amending and reordaining certain sections of the 2006-2007 School Fund Appropriations, and dispensing with the second reading by title of this ordinance.

BE IT ORDAINED by the Council of the City of Roanoke that the following sections of the 2006-2007 School Fund Appropriations be, and the same are hereby, amended and reordained to read and provide as follows:

Appropriations

Compensation of Other Professionals	30-062-6513-0138-6554	\$2,649
Compensation of Substitute Teachers	30-062-6513-0021-6554	3,500
Retirement-HIC-VRS	30-062-6513-0200-6554	2,088
Social Security	30-062-6513-0201-6554	500
Retirement VRS	30-062-6513-0202-6554	9,532
Health Insurance	30-062-6513-0204-6554	24,084
Group Life Insurance	30-062-6513-0205-6554	4,040
Indirect Costs	30-062-6513-0212-6554	148
Mileage	30-062-6513-0551-6554	2,500
Other Operation Supplies	30-062-6513-0615-6554	(20,500)
Compensation of Other Professionals	30-062-6517-0138-6554	36,600
Social Security	30-062-6517-0201-6554	6,767
Indirect Costs	30-062-6517-0212-6554	1,830
Mileage	30-062-6517-0551-6554	1,350
Educational and Recreational Supplies	30-062-6517-0614-6554	2,100
Educational and Recreational Supplies	30-062-6904-0614-6004	12,560
Books and Subscriptions	30-062-6904-0613-6004	35,000

Revenues

State Grant Receipts	30-062-6513-1100	28,541
State Grant Receipts	30-062-6517-1100	48,647
Federal Grant Receipts	30-062-6904-1102	47,560

Pursuant to the provisions of Section 12 of the City Charter, the second reading of this ordinance by title is hereby dispensed with.

ATTEST:

City Clerk.

IN THE COUNCIL FOR THE CITY OF ROANOKE, VIRGINIA

A RESOLUTION authorizing the City's participation in the National League of Cities' Partnership for Working Toward Inclusive Communities.

WHEREAS, the City of Roanoke is committed to inclusion as a fundamental aspect of our community;

WHEREAS, cities and towns are the best place to make inclusiveness an everyday priority;

WHEREAS, local elected officials can and should lead the way in making inclusiveness a priority in America's cities and towns;

WHEREAS, the National League of Cities has designed the Partnership for Working Toward Inclusive Communities to support cities and towns in their commitment to inclusion;

WHEREAS, the National League of Cities and its members believe an inclusive community promotes equal opportunity and fairness;

WHEREAS, the National League of Cities and its members believe an inclusive community promotes citizen participation and engagement; and

WHEREAS, National League of Cities President Jim Hunt, councilmember, Clarksburg, West Virginia, has invited local officials to join the Partnership for Working Toward Inclusive Communities and to make a commitment to building more inclusive communities in their own cities and towns.

NOW, THEREFORE, BE IT RESOLVED that the Council of the City of Roanoke hereby reaffirms its commitment to inclusion as a fundamental aspect of our community, pledges

active efforts to seek to achieve that goal, and urges all citizens of Roanoke to join together to support this effort.

BE IT FURTHER RESOLVED that the City of Roanoke hereby agrees to join the Partnership for Working Toward Inclusive Communities.

ATTEST:

City Clerk.

WOODS ROGERS ^P_L_C
 A T T O R N E Y S A T L A W

GEORGE J. A. CLEMO
 540 983-7728
 clemo@woodsrogers.com

September 11, 2006

City Council
 City of Roanoke, Virginia
 Roanoke, Virginia

Re: Resolution Authorizing the Issuance of Not to Exceed \$7,500,000 General
 Obligation School Bonds of the City of Roanoke, Virginia, Series 2006-B for
 Patrick Henry High School

Gentlemen and Ms. Mason:

Our firm serves as bond counsel to the City and Roanoke City Schools in connection with certain school bond financings. On October 23, 2003, Council adopted Resolution No. 36524-102303, approving an application by Roanoke City Schools to the Commonwealth of Virginia Board of Education for a loan of \$7,500,000 from the Literary Fund, to finance a part of the cost of constructing and equipping Patrick Henry High School (the "PH Literary Fund Loan"). The Board of Education approved the application for the PH Literary Fund Loan and placed it on the Literary Fund waiting list on September 22, 2004.

After publication of notice and the holding of a public hearing on June 21, 2004, as required by the Public Finance Act, Council also adopted Resolution No. 36753-062104, authorizing the issuance of up to \$22,350,000 of general obligation bonds of the City, \$8,775,000 of which bonds were intended to be used to fund a portion of the cost of constructing and equipping Patrick Henry High School (such \$8,775,000 of bonds, the "PH GO Bonds"). I am advised that \$7,500,000 of the PH GO Bonds were intended as a possible financing alternative to the PH Literary Fund Loan.

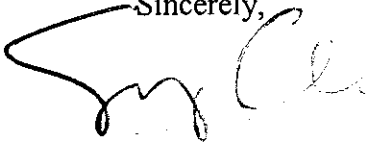
The PH Literary Fund Loan has not been consummated, and only \$1,250,000 face amount of the PH GO Bonds has been issued to date (leaving \$7,525,000 of the previously approved PH GO Bonds unissued). In order to obtain the financing represented alternatively by the PH Literary Fund Loan and \$7,500,000 of the unissued PH GO Bonds, Roanoke City Schools filed an application to the Virginia Public School Authority (VPSA) on August 17, 2006, for interest rate subsidy bond financing of up to \$7,500,000 for capital improvements at Patrick Henry High School (the "PH VPSA Bonds"). The PH VPSA Bonds will be issued instead of the PH Literary Fund Loan and \$7,500,000 of the unissued PH GO Bonds.

The VPSA's interest rate subsidy bond program is structured so that the net interest cost to the City and the principal installments for the PH VPSA Bonds will be essentially the same as for the PH Literary Fund Loan. The public hearing previously held for the PH GO Bonds will

City Council
Page 2

satisfy the requirement of the Public Finance Act for a public hearing in connection with the issuance of the PH VPSA Bonds, so no new public hearing is required.

I attach for your consideration a final bond resolution authorizing the issuance of the PH VPSA Bonds. The resolution approves the details of the bonds, including an estimated debt service schedule and related documents, and authorizes and directs the Mayor or the Vice Mayor and the Clerk or any Deputy Clerk of the City to execute and deliver the bonds to the Virginia Public School Authority. Following adoption of the resolution, the financing is expected to be finalized and proceeds will be available to the City on or around November 9, 2006.

Sincerely,

George J. A. Clemo

cc: William Hackworth, City Attorney, City of Roanoke
Timothy Spencer, Assistant City Attorney, City of Roanoke
Kenneth F. Mundy, Jr., Director for Fiscal Services, Roanoke City Schools
Jesse Hall, Director of Finance, City of Roanoke

[Subsidy]
[Patrick Henry]

Resolution No.

**RESOLUTION AUTHORIZING THE ISSUANCE OF NOT TO EXCEED
\$7,500,000 GENERAL OBLIGATION SCHOOL BONDS
OF THE CITY OF ROANOKE, VIRGINIA, SERIES 2006-B,
TO BE SOLD TO THE VIRGINIA PUBLIC SCHOOL AUTHORITY
AND PROVIDING FOR THE FORM AND DETAILS THEREOF.**

WHEREAS, on September 22, 2004, the Commonwealth of Virginia Board of Education (the "Board of Education") placed the application (the "Application") of the School Board of the City of Roanoke, , Virginia (the "School Board"), for a loan of \$7,500,000 (the "Literary Fund Loan") from the Literary Fund, a permanent trust fund established by the Constitution of Virginia (the "Literary Fund"), for the construction, renovation and expansion of school buildings (the "Project") in Roanoke, , Virginia (the "City"), on the First Priority Waiting List;

WHEREAS, the Board of Education was to have approved the release of Literary Fund moneys to the School Board and make a commitment to loan such moneys to the School Board (the "Commitment") within one (1) year of placement of the Application on the First Priority Waiting List upon receipt of the Literary Fund of an unencumbered sum available at least equal to the amount of the Application and the approval, by the Board of Education, of the Application as having met all conditions for a loan from the Literary Fund;

WHEREAS, the Board of Education was thereafter to have given advances on the amount of the Commitment for the Literary Fund Loan to the School Board, as construction or renovation of the Project progressed, in exchange for temporary notes from the School Board to the Literary Fund (the "Temporary Notes") for the amounts so advanced;

WHEREAS, after the completion of the Project and the advance of the total amount of the Commitment, the Temporary Notes were to have been consolidated into a permanent loan note of the School Board to the Literary Fund (the "Literary Fund Obligation") which was to evidence the obligation of the School Board to repay the Literary Fund Loan;

WHEREAS, the Literary Fund Obligation was to have borne interest at three percent (3%) per annum and mature in annual installments for a period of twenty (20) years;

WHEREAS, in connection with the 2006 Interest Rate Subsidy Program (the "Program"), the Virginia Public School Authority (the "VPSA") has offered to purchase general obligation school bonds of the City, and the Board of Education has offered to pay, to the City, a lump sum cash payment (the "Lump Sum Cash Payment") equal to the sum of (i) net present value difference, determined on the date on which the VPSA sells its bonds, between the weighted average interest rate that the general obligation school bonds of the City will bear upon sale to the VPSA and the

interest rate that the Literary Fund Obligation would have borne plus (ii) an allowance for the costs of issuing such bonds of the City (the "Issuance Expense Allowance");

WHEREAS, the City Council (the "Council") of the City of Roanoke, Virginia (the "City"), has determined that it is necessary and expedient to borrow not to exceed \$7,500,000 and to issue its general obligation school bonds for the purpose of financing certain capital projects for school purposes; and

WHEREAS, the City held a public hearing, duly noticed, on June 24, 2004, on the issuance of the Bonds (as defined below) in accordance with the requirements of Section 15.2-2606, Code of Virginia 1950, as amended (the "Virginia Code"); and

WHEREAS, the School Board of the City has, by resolution, requested the Council to authorize the issuance of the Bonds (as hereinafter defined) and, consented to the issuance of the Bonds;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ROANOKE, VIRGINIA:

1. **Authorization of Bonds and Use of Proceeds.** The Council hereby determines that it is advisable to contract a debt and issue and sell its general obligation school bonds in an aggregate principal amount not to exceed \$7,500,000 (the "Bonds") for the purpose of financing certain capital projects for school purposes described in Exhibit B. The Council hereby authorizes the issuance and sale of the Bonds in the form and upon the terms established pursuant to this Resolution.

2. **Sale of the Bonds.** It is determined to be in the best interest of the City to accept the offer of the Virginia Public School Authority (the "VPSA") to purchase from the City, and to sell to the VPSA, the Bonds at a price, determined by the VPSA to be fair and accepted by the Mayor and the City Manager. The Mayor, the City Manager, and such officer or officers of the City as either may designate are hereby authorized and directed to enter into a Bond Sale Agreement dated as of September 27, 2006 with the VPSA providing for the sale of the Bonds to the VPSA in substantially the form submitted to the Council at this meeting, which form is hereby approved (the "Bond Sale Agreement").

3. **Details of the Bonds.** The Bonds shall be issuable in fully registered form; shall be dated the date of issuance and delivery of the Bonds; shall be designated "General Obligation School Bonds, Series 2006-B"; shall bear interest from the date of delivery thereof payable semi-annually on each January 15 and July 15 beginning July 15, 2007 (each an "Interest Payment Date"), at the rates established in accordance with Section 4 of this Resolution; and shall mature on July 15 in the years (each a "Principal Payment Date") and in the amounts set forth on Schedule I attached hereto (the "Principal Installments"), subject to the provisions of Section 4 of this

Resolution.

4. **Interest Rates and Principal Installments.** The City Manager is hereby authorized and directed to accept the interest rates on the Bonds established by the VPSA, provided that each interest rate shall be ten one-hundredths of one percent (0.10%) over the interest rate to be paid by the VPSA for the corresponding principal payment date of the bonds to be issued by the VPSA (the "VPSA Bonds"), a portion of the proceeds of which will be used to purchase the Bonds, and provided further, that the true interest cost of the Bonds does not exceed five and fifty one-hundredths percent (5.50 %) per annum. The Interest Payment Dates and the Principal Installments are subject to change at the request of the VPSA. The City Manager is hereby authorized and directed to accept changes in the Interest Payment Dates and the Principal Installments at the request of the VPSA, provided that the aggregate principal amount of the Bonds shall not exceed the amount authorized by this Resolution. The execution and delivery of the Bonds as described in Section 8 hereof shall conclusively evidence such interest rates established by the VPSA and Interest Payment Dates and the Principal Installments requested by the VPSA as having been so accepted as authorized by this Resolution.

5. **Form of the Bonds.** The Bonds shall be initially in the form of a single, temporary typewritten bond substantially in the form attached hereto as Exhibit A.

6. **Payment; Paying Agent and Bond Registrar.** The following provisions shall apply to the Bonds:

(a) For as long as the VPSA is the registered owner of the Bonds, all payments of principal, premium, if any, and interest on the Bonds shall be made in immediately available funds to the VPSA at, or before 11:00 a.m. on the applicable Interest Payment Date or Principal Payment Date, or if such date is not a business day for Virginia banks or for the Commonwealth of Virginia, then at or before 11:00 a.m. on the business day next preceding such Interest Payment Date or Principal Payment Date.

(b) All overdue payments of principal and, to the extent permitted by law, interest shall bear interest at the applicable interest rate or rates on the Bonds.

(c) *Regions Bank, Richmond, Virginia, is designated as Bond Registrar and Paying Agent for the Bonds.*

7. **No Redemption or Prepayment.** The Principal Installments of the Bonds shall not be subject to redemption or prepayment. Furthermore, the Council covenants, on behalf of the City, not to refund or refinance the Bonds without first obtaining the written consent of the VPSA or the registered owner of the Bonds.

8. **Execution of the Bonds.** The Mayor or Vice Mayor and the Clerk or any Deputy Clerk

of the Council are authorized and directed to execute and deliver the Bonds and to affix the seal of the City thereto.

9. **Pledge of Full Faith and Credit.** For the prompt payment of the principal of, premium, if any, and the interest on the Bonds as the same shall become due, the full faith and credit of the City are hereby irrevocably pledged, and in each year while any of the Bonds shall be outstanding there shall be levied and collected in accordance with law an annual ad valorem tax upon all taxable property in the City subject to local taxation sufficient in amount to provide for the payment of the principal of and premium, if any, and the interest on the Bonds as such principal, premium, if any, and interest shall become due, which tax shall be without limitation as to rate or amount and in addition to all other taxes authorized to be levied in the City to the extent other funds of the City are not lawfully available and appropriated for such purpose.

10. **Use of Proceeds Certificate and Certificate as to Arbitrage.** The Mayor, the City Manager and such officer or officers of the City as either may designate are hereby authorized and directed to execute a Certificate as to Arbitrage and a Use of Proceeds Certificate each setting forth the expected use and investment of the proceeds of the Bonds and containing such covenants as may be necessary in order to show compliance with the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and applicable regulations relating to the exclusion from gross income of interest on the Bonds and on the VPSA Bonds except as provided below. The Council covenants on behalf of the City that (i) the proceeds from the issuance and sale of the Bonds will be invested and expended as set forth in such Certificate as to Arbitrage and such Use of Proceeds Certificate and that the City shall comply with the other covenants and representations contained therein and (ii) the City shall comply with the provisions of the Code so that interest on the Bonds and on the VPSA Bonds will remain excludable from gross income for Federal income tax purposes.

11. **State Non-Arbitrage Program; Proceeds Agreement.** The Council hereby determines that it is in the best interests of the City to authorize and direct the City Treasurer to participate in the State Non-Arbitrage Program in connection with the Bonds. The Mayor, the City Manager and such officer or officers of the City as either may designate are hereby authorized and directed to execute and deliver a Proceeds Agreement with respect to the deposit and investment of proceeds of the Bonds by and among the City, the other participants in the sale of the VPSA Bonds, the VPSA, the investment manager and the depository, substantially in the form submitted to the Council at this meeting, which form is hereby approved.

12. **Continuing Disclosure Agreement.** The Mayor, the City Manager and such officer or officers of the City as either may designate are hereby authorized and directed to execute a Continuing Disclosure Agreement, as set forth in Appendix E to the Bond Sale Agreement, setting forth the reports and notices to be filed by the City and containing such covenants as may be necessary in order to show compliance with the provisions of the Securities and Exchange Commission Rule 15c2-12 and directed to make all filings required by Section 3 of the Bond Sale

Agreement should the City be determined by the VPSA to be a MOP (as defined in the Continuing Disclosure Agreement).

13. **Filing of Resolution.** The appropriate officers or agents of the City are hereby authorized and directed to cause a certified copy of this Resolution to be filed with the Circuit Court of the City.

14. **Previously Authorized Obligations.** The Bonds are intended to be issued in lieu of (a) \$7,500,000 of the \$8,775,000 of general obligation bonds of the City previously authorized by Council for public school capital improvement projects pursuant to Resolution No. 36753-062104, adopted June 21, 2004, and (b) a \$7,500,000 Literary Fund loan previously authorized by Council for the Project pursuant to Resolution No. 36524-102303, adopted October 23, 2003, neither of which previously authorized obligations has been issued.

15. **Further Actions.** The members of the Council and all officers, employees and agents of the City are hereby authorized to take such action as they or any one of them may consider necessary or desirable in connection with the issuance and sale of the Bonds and any such action previously taken is hereby ratified and confirmed.

16. **Effective Date.** This Resolution shall take effect immediately.

* * *

The undersigned Clerk of the City of Roanoke, Virginia, hereby certifies that the foregoing constitutes a true and correct extract from the minutes of a meeting of the City Council held on September 18, 2006, and of the whole thereof so far as applicable to the matters referred to in such extract. I hereby further certify that such meeting was a regularly scheduled meeting and that, during the consideration of the foregoing resolution, a quorum was present and that the attendance and voting of the members in attendance on the foregoing resolution were as follows:.

	Present	Absent	Aye	Nay	Abstain
C. Nelson Harris, Mayor	_____	_____	_____	_____	_____
David B. Trinkle, Vice Mayor	_____	_____	_____	_____	_____
Alfred T. Dowe, Jr.	_____	_____	_____	_____	_____
Beverly T. Fitzpatrick, Jr.	_____	_____	_____	_____	_____
Sherman P. Lea	_____	_____	_____	_____	_____
Gwendolyn W. Mason	_____	_____	_____	_____	_____
Brian J. Wishneff	_____	_____	_____	_____	_____

WITNESS MY HAND and the seal of the City of Roanoke, Virginia, this ____ day of September, 2006.

Clerk,
City of Roanoke, Virginia

[SEAL]

[Patrick Henry]

EXHIBIT A

(FORM OF TEMPORARY BOND)

NO. TS-1

\$ _____

UNITED STATES OF AMERICA
COMMONWEALTH OF VIRGINIA
CITY OF ROANOKE
General Obligation School Bond
Series 2006-B

The **CITY OF ROANOKE, VIRGINIA** (the "City"), for value received, hereby acknowledges itself indebted and promises to pay to the **VIRGINIA PUBLIC SCHOOL AUTHORITY** the principal amount of _____ DOLLARS (\$ _____), in annual installments in the amounts set forth on Schedule I attached hereto payable on July 15, 2007 and annually on July 15 thereafter to and including July 15, 2026 (each a "Principal Payment Date"), together with interest from the date of this Bond on the unpaid installments, payable semi-annually on January 15 and July 15 of each year, commencing on July 15, 2007 (each an "Interest Payment Date"; together with any Principal Payment Date, a "Payment Date"), at the rates per annum set forth on Schedule I attached hereto. Both principal of and interest on this Bond are payable in lawful money of the United States of America.

For as long as the Virginia Public School Authority is the registered owner of this Bond,

Regions Bank, as bond registrar (the "Bond Registrar"), shall make all payments of principal, premium, if any, and interest on this Bond, without the presentation or surrender hereof, to the Virginia Public School Authority, in immediately available funds at or before 11:00 a.m. on the applicable Payment Date or date fixed for prepayment or redemption. If a Payment Date or date fixed for prepayment or redemption is not a business day for banks in the Commonwealth of Virginia or for the Commonwealth of Virginia, then the payment of principal, premium, if any, or interest on this Bond shall be made in immediately available funds at or before 11:00 a.m. on the business day next preceding the scheduled Payment Date or date fixed for prepayment or redemption. Upon receipt by the registered owner of this Bond of said payments of principal, premium, if any, and interest, written acknowledgment of the receipt thereof shall be given promptly to the Bond Registrar, and the City shall be fully discharged of its obligation on this Bond to the extent of the payment so made. Upon final payment, this Bond shall be surrendered to the Bond Registrar for cancellation.

The full faith and credit of the City are irrevocably pledged for the payment of the principal of and the premium, if any, and interest on this Bond. The resolution adopted by the City Council authorizing the issuance of the Bonds provides, and Section 15.2-2624, Code of Virginia 1950, as amended, requires, that there shall be levied and collected an annual tax upon all taxable property in the City subject to local taxation sufficient to provide for the payment of the principal, premium, if any, and interest on this Bond as the same shall become due which tax shall be without limitation as to rate or amount and shall be in addition to all other taxes authorized to be levied in the City to the extent other funds of the City are not lawfully available and appropriated for such purpose.

This Bond is duly authorized and issued in compliance with and pursuant to the Constitution and laws of the Commonwealth of Virginia, including the Public Finance Act of 1991, Chapter 26, Title 15.2, Code of Virginia 1950, as amended, and resolutions duly adopted by the City Council and the School Board of the City to provide funds for capital projects for school purposes.

This Bond may be exchanged without cost, on twenty (20) days written notice from the Virginia Public School Authority, at the office of the Bond Registrar on one or more occasions for two or more temporary bonds or definitive bonds in fully registered form in denominations of \$5,000 and whole multiples thereof, and; in any case, having an equal aggregate principal amount having maturities and bearing interest at rates corresponding to the maturities of and the interest rates on the installments of principal of this Bond then unpaid. This Bond is registered in the name of the Virginia Public School Authority on the books of the City kept by the Bond Registrar, and the transfer of this Bond may be effected by the registered owner of this Bond only upon due execution of an assignment by such registered owner. Upon receipt of such assignment and the surrender of this Bond, the Bond Registrar shall exchange this Bond for definitive Bonds as hereinabove provided, such definitive Bonds to be registered on such registration books in the name of the assignee or assignees named in such assignment.

The principal installments of this Bond are not subject to redemption or prepayment.

All acts, conditions and things required by the Constitution and laws of the Commonwealth of Virginia to happen, exist or be performed precedent to and in the issuance of this Bond have happened, exist and have been performed in due time, form and manner as so required, and this Bond,

together with all other indebtedness of the City, is within every debt and other limit prescribed by the Constitution and laws of the Commonwealth of Virginia.

IN WITNESS WHEREOF, the City Council of the City of Roanoke, Virginia has caused this Bond to be issued in the name of the City of Roanoke, Virginia, to be signed by its Mayor or Vice Mayor, its seal to be affixed hereto and attested by the signature of its Clerk or any of its Deputy Clerks, and this Bond to be dated _____, 2006.

**CITY OF ROANOKE,
VIRGINIA**

(SEAL)

ATTEST:

Clerk, City of
Roanoke, Virginia

Mayor, City of
Roanoke, Virginia

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING ZIP CODE, OF ASSIGNEE)

PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFYING NUMBER OF ASSIGNEE: _____

the within Bond and irrevocably constitutes and appoints

_____ attorney to exchange said Bond for
definitive bonds in lieu of which this Bond is issued and to register the transfer of such definitive
bonds on the books kept for registration thereof, with full power of substitution in the premises.

Date: _____

Registered Owner

Signature Guaranteed:

(NOTICE: The signature above
must correspond with the name
of the Registered Owner as it
appears on the front of this
Bond in every particular,
without alteration or change.)

(NOTICE: Signature(s) must be
guaranteed by an "eligible guarantor
institution" meeting the requirements
of the Bond Registrar which
requirements will include Membership or
participation in STAMP or such other "signature
guarantee program" as may be determined by
the Bond Registrar in addition to, or in substitution for,
STAMP, all in accordance with the Securities Exchange
Act of 1934, as amended.

SCHEDULE I

City of Roanoke
Subsidized Local School Bond

	Principal	Rate	Interest	Total	Fiscal Total
7/15/2007	311,412.00	3.800%	194,014.13	\$505,426.13	0.00
1/15/2008	-	0.000%	136,044.73	136,044.73	641,470.86
7/15/2008	317,060.00	3.800%	136,044.73	453,104.73	0.00
1/15/2009	-	0.000%	130,020.59	130,020.59	583,125.32
7/15/2009	317,954.00	3.850%	130,020.59	447,974.59	0.00
1/15/2010	-	0.000%	123,899.98	123,899.98	571,874.57
7/15/2010	318,965.00	3.850%	123,899.98	442,864.98	0.00
1/15/2011	-	0.000%	117,759.90	117,759.90	560,624.88
7/15/2011	320,015.00	3.850%	117,759.90	437,774.90	0.00
1/15/2012	-	0.000%	111,599.61	111,599.61	549,374.51
7/15/2012	321,517.00	4.100%	111,599.61	433,116.61	0.00
1/15/2013	-	0.000%	105,008.51	105,008.51	538,125.12
7/15/2013	323,489.00	4.100%	105,008.51	428,497.51	0.00
1/15/2014	-	0.000%	98,376.99	98,376.99	526,874.50
7/15/2014	325,545.00	4.100%	98,376.99	423,921.99	0.00
1/15/2015	-	0.000%	91,703.31	91,703.31	515,625.30
7/15/2015	327,686.00	4.100%	91,703.31	419,389.31	0.00
1/15/2016	-	0.000%	84,985.75	84,985.75	504,375.06
7/15/2016	330,761.00	4.600%	84,985.75	415,746.75	0.00
1/15/2017	-	0.000%	77,378.24	77,378.24	493,124.99
7/15/2017	334,819.00	4.600%	77,378.24	412,197.24	0.00
1/15/2018	-	0.000%	69,677.41	69,677.41	481,874.65
7/15/2018	338,635.00	4.350%	69,677.41	408,312.41	0.00
1/15/2019	-	0.000%	62,312.10	62,312.10	470,624.50
7/15/2019	342,194.00	4.350%	62,312.10	404,506.10	0.00
1/15/2020	-	0.000%	54,869.38	54,869.38	459,375.47
7/15/2020	345,910.00	4.350%	54,869.38	400,779.38	0.00
1/15/2021	-	0.000%	47,345.83	47,345.83	448,125.21
7/15/2021	349,791.00	4.350%	47,345.83	397,136.83	0.00
1/15/2022	-	0.000%	39,737.88	39,737.88	436,874.71
7/15/2022	353,845.00	4.350%	39,737.88	393,582.88	0.00
1/15/2023	-	0.000%	32,041.75	32,041.75	425,624.62
7/15/2023	358,080.00	4.350%	32,041.75	390,121.75	0.00
1/15/2024	-	0.000%	24,253.51	24,253.51	414,375.25
7/15/2024	362,595.00	4.400%	24,253.51	386,848.51	0.00
1/15/2025	-	0.000%	16,276.42	16,276.42	403,124.92
7/15/2025	367,405.00	4.400%	16,276.42	383,681.42	0.00
1/15/2026	-	0.000%	8,193.51	8,193.51	391,874.92
7/15/2026	372,432.00	4.400%	8,193.51	380,625.51	0.00
1/15/2027	-	0.000%	0.00	0.00	380,625.51
7/15/2027					0.00
Debt Total	\$ 6,740,110.00		\$ 3,056,984.82	\$9,797,094.82	
Premium	-				
Grand Total	\$ 6,740,110.00				

Dated Date: 11/9/2006

EXHIBIT B

The proceeds of the Bonds will be used to finance the construction of certain capital improvements and the acquisition and installation of certain capital equipment for Patrick Henry High School.

VIRGINIA PUBLIC SCHOOL AUTHORITY

BOND SALE AGREEMENT

Name of Jurisdiction (the "Local Unit"): City of Roanoke, Virginia

Sale Date: The VPSA Sale Date (expected to be on or about October 11, 2006)

Closing Date: On or about November 9, 2006

Proceeds Requested: \$7,500,000

Maximum Authorized Par Amount: \$7,500,000

Amortization Period: 20 years

1. The Virginia Public School Authority ("VPSA") hereby offers to purchase, solely from the proceeds of the VPSA's bonds, your general obligation school bonds at a price, determined by the VPSA to be fair and accepted by you, that, subject to VPSA's *purchase price objective* and market conditions described below, is substantially equal to your Proceeds Requested set forth above (as authorized by your bond resolution). The sale of VPSA's bonds is tentatively scheduled for October 11, 2006 but may occur, subject to market conditions, at any time between October 2, 2006 and October 19, 2006 (the "VPSA Sale Date"). You acknowledge that VPSA has advised you that its objective is to pay you a purchase price for your bonds which in VPSA's judgment reflects their market value ("*purchase price objective*") taking into consideration such factors as the amortization schedule you have requested for your bonds relative to the amortization schedules requested by the other localities for their respective bonds, the purchase price received by VPSA for its bonds and other market conditions relating to the sale of the VPSA's bonds. You further acknowledge that VPSA has advised you that such factors may result in your bonds having a value other than par and that in order to receive an amount of proceeds that is substantially equal to your Proceeds Requested, you may need to issue a par amount of bonds that is greater or less than your Proceeds Requested. You, at the request of VPSA, agree to issue an amount of the local school bonds not in excess of the Maximum Authorized Par Amount to provide, to the fullest extent practicable given VPSA's *purchase price objective*, a purchase price for your bonds and a proceeds amount that is substantially equal to your Proceeds Requested. You acknowledge that the purchase price for your bonds will be less than the Proceeds Requested should the Maximum Authorized Par Amount be insufficient, based upon VPSA's *purchase price objective*, to generate an amount of proceeds substantially equal to your Proceeds Requested.
2. You represent that on or before September 27, 2006, your local governing body will have duly authorized the issuance of your bonds by adopting a resolution in the form attached hereto as Appendix B (the "local resolution") and that your bonds will be in the form set forth in the local resolution. Any changes that you or your counsel wish to make to the form of the local resolution and/or your bonds must be approved by the VPSA prior to adoption of the local

resolution by your local governing body.

3. You hereby covenant that you will comply with and carry out all of the provisions of the Continuing Disclosure Agreement in the form attached hereto as Appendix E, which agreement is hereby incorporated by reference herein and expressly made a part hereof for all purposes. The VPSA has defined a Material Obligated Person ("MOP") for purposes of the Continuing Disclosure Agreement as any Local Issuer the principal amount of whose local school bonds pledged under VPSA's 1997 Resolution comprises more than 10% of the total principal amount of all outstanding 1997 Resolution bonds. MOP status will be determined by adding the principal amount of your local school bonds to be sold to the VPSA and the principal amount of your local bonds previously sold to the VPSA and currently pledged under VPSA's 1997 Resolution and measuring the total against 10% of the face value of all bonds outstanding as of the Closing Date under VPSA's 1997 Resolution. If you are or may be a MOP, the VPSA will require that you file all the information described in the following paragraph prior to VPSA's distributing its Preliminary Official Statement, currently scheduled for October 2, 2006.

You acknowledge that if you are, or in the sole judgment of VPSA may be, a MOP following the issuance of your local school bonds that are the subject of this Bond Sale Agreement, the VPSA will include by specific reference in its Preliminary Official Statements and final Official Statements (for this sale and, if you remain a MOP or become a MOP again after ceasing to be a MOP, for applicable future sales) the information respecting you ("Your Information") that is on file with the Nationally Recognized Municipal Securities Information Repositories or their respective successors ("NRMSIRs") and the Municipal Securities Rulemaking Board or its successors ("MSRB"). Accordingly, if VPSA has determined that you are at any time a MOP (I) following the delivery of your local school bonds to the VPSA in connection with this sale, or (II) during the course of any future sale, whether or not you are a participant in such sale, you hereby represent and covenant to the VPSA that you will file such additional information, if any, as is required so that Your Information, as of each of (I)(A) the date of the VPSA's applicable Preliminary Official Statement (in the case of this sale, expected to be October 2, 2006), (B) the date of the VPSA's applicable final Official Statement (in the case of this sale, expected to be October 11, 2006) and (C) the date of delivery of the applicable VPSA bonds (in the case of this sale, expected to be November 9, 2006) and (II) such other dates associated with future sales as VPSA may specify to you, will be true and correct and will not contain any untrue statement of a material fact or omit to state a material fact which should be included in Your Information for the purpose for which it is included by specific reference in VPSA's official statement or which is necessary to make the statements contained in such information, in light of the circumstances under which they were made, not misleading. You further agree to furnish to the VPSA a copy of all filings you make with NRMSIRs and the MSRB subsequent to the date of this Agreement. Such copy will be furnished to the VPSA on or before the day that any such filing is made.

The VPSA will advise you within 60 days after the end of each fiscal year if you were a MOP as of the end of such fiscal year. Upon written request, the VPSA will also advise you of your status as a MOP as of any other date. You hereby covenant that you will provide the certificate described in clause (e) of Section 4 below if VPSA includes Your Information by specific reference in its disclosure documents in connection with this sale or any future sale, whether or not you are a participant in such sale.

4. VPSA's commitment to purchase your bonds is contingent upon (I) VPSA's receipt on the Closing Date of (a) your bonds which shall include and otherwise meet the Standard Terms and Conditions contained in Appendix A hereto, (b) certified copies of the local resolution (see Appendix B attached hereto), , (c) an executed agreement, among VPSA, you and the other local units simultaneously selling their bonds to VPSA, the depository and the investment manager for the State Non-Arbitrage Program ("SNAP"), providing for the custody, investment and disbursement of the proceeds of your bonds and the other general obligation school bonds, and the payment by you and the other local units of the allocable, associated costs of compliance with the Internal Revenue Code of 1986, as amended, and any costs incurred in connection with your participation in SNAP (the "Proceeds Agreement"), (d) an executed copy of the Use of Proceeds Certificate in the form attached hereto as Appendix C, (e) if the VPSA has included by specific reference Your Information into the VPSA Preliminary and final Official Statement: your certificate dated the date of the delivery of the VPSA's bonds to the effect that (i) Your Information was as of the date of the VPSA's Preliminary and final Official Statements, and is as of the date of the certificate, true and correct and did not and does not contain an untrue statement of a material fact or omit to state a material fact which should be included in Your Information for the purpose for which it is included by specific reference in or which is necessary to make the statements contained in such information, in light of the circumstances under which they were made, not misleading, and (ii) you have complied with your undertakings regarding the amendments adopted on November 10, 1994 to Rule 15c2-12 under the Securities Exchange Act of 1934, as amended, (f) an approving legal opinion from your bond counsel in form satisfactory to VPSA as to the validity of the bonds and the exclusion from gross income for federal and Virginia income tax purposes of the interest on your bonds, the conformity of the terms and provisions of your bonds to the requirements of this Bond Sale Agreement including the appendices attached hereto, and the due authorization, execution and delivery of this Bond Sale Agreement, Continuing Disclosure Agreement and the Proceeds Agreement, and the validity of the Continuing Disclosure Agreement and the Proceeds Agreement, (g) a transcript of the other customary closing documents not listed above, and (h) the proceeds of VPSA's bonds, (II) if you will be using the proceeds of your bonds to retire a bond anticipation note, certificate of participation or other form of interim financing (the "Interim Security"), receipt by VPSA of (a) an opinion of your bond counsel that, as of the Closing Date, the Interim Security will have been paid in full or defeased according to the provisions of the instrument authorizing the Interim Security (in rendering such opinion bond counsel may rely on a letter or certificate of an accounting or financial professional as to any mathematical computations necessary for the basis for such opinion) and (b) an executed copy of the escrow deposit agreement/letter of instruction providing for the retirement of the Interim Security and (III) your compliance with the terms of this agreement. One complete original transcript of the documents listed above shall be provided by your counsel to Sidley Austin LLP, bond counsel to VPSA, on the Closing Date or, with VPSA's permission, as soon as practicable thereafter but in no event more than thirty (30) business days after the Closing Date.
5. Subject to the conditions described in Section 4 hereto, this Bond Sale Agreement shall become binding as of the later of the VPSA Sale Date and the date you execute this Bond Sale Agreement.

Dated as of September 27, 2006
Virginia Public School Authority

By: _____
Authorized VPSA Representative

Name of Jurisdiction: City of Roanoke, Virginia

By:

Name: Darlene L. Burcham

Title: City Manager

(For information only; not part of the Bond Sale Agreement.)

Please have the presiding officer, or other specifically designated agent, of your governing body execute **two (2)** copies of this Bond Sale Agreement and **return them, along with the tax questionnaire attached hereto as Appendix D, no later than close of business on September 27, 2006 to, Richard A. Davis, Public Finance Manager, Virginia Public School Authority, P. O. Box 1879, Richmond, Virginia 23218-1879 or by hand or courier service, James Monroe Building-3rd Floor, 101 N. 14th Street, Richmond, Virginia 23219. *The VPSA recommends the use of an overnight delivery service to ensure timely arrival of your documents.*** If your governing body or bond counsel requires more than one originally signed Bond Sale Agreement, please send the appropriate number; all but one will be returned at closing.

APPENDIX A
to the Bond Sale Agreement

STANDARD TERMS AND CONDITIONS

Described below are terms of the local school bonds which must be embodied in your bond resolution and bond form and other conditions which must be met in order for VPSA to purchase your local school bonds on the Closing Date. VPSA will not purchase local school bonds unless and until such terms are present in the related bond resolution and bond form adopted by your governing body and such conditions are met.

Interest and Principal Payments

Your bonds will bear interest from the Closing Date¹ set forth in the Bond Sale Agreement and will mature on July 15 of the years and in the amounts as established by VPSA. Your bonds will bear interest payable in installments due semiannually on January 15 and July 15. The first principal and interest installments will be payable on July 15, 2007. Your bonds will bear interest at rates 10 basis points (0.10%) above the actual rates on VPSA's bonds with corresponding principal payment dates.

Payment

For so long as the VPSA is the registered owner of your bonds,

- (i) the paying agent and bond registrar therefor shall be a bank or trust company qualified to serve as such, and

¹ *If VPSA does not purchase your local school bonds on the Closing Date due to your fault, VPSA will invest, in demand or overnight investments, the amount of its bond proceeds to be used to purchase your local school bonds. If you cure your failure to deliver your local school bonds within the sixty (60) day period following the Closing Date, the VPSA will purchase your local school bonds and your bonds will bear interest from the date of delivery and payment or other date satisfactory to the VPSA. You will, however, be required to pay to VPSA at your actual closing an amount equal to the positive difference, if any, between the amount of interest that would have accrued on your local school bonds from the Closing Date to your actual closing date and the lesser of the amount of interest income VPSA was able to earn, during such period, from the investment of its bond proceeds pending their use to purchase your bonds and the arbitrage yield on the VPSA's bonds.*

- (ii) all payments of principal, premium, if any, and interest shall be made in funds that shall be immediately available to the VPSA on or before 11:00 A.M. on the applicable interest or principal payment date, or date fixed for prepayment or redemption, or if such date is not a business day for banks in Virginia or for the Commonwealth, then on or before 11:00 A.M. on the business day preceding such scheduled due date. Overdue payments of principal and, to the extent permitted by law, interest shall bear interest at the applicable interest rates on your bonds.

Prepayment or Redemption

Bonds will be subject to redemption at the option of your governing body, subject to the consent of the VPSA or other registered owner. Your bond resolution shall provide for prepayment or redemption as follows:

The bonds maturing after July 15, 2016 are subject to optional prepayment or redemption prior to maturity by the issuer, from any available moneys, in whole or in part, on any date on or after July 15, 2016, at the following prepayment or redemption prices on the following prepayment or redemption dates, plus accrued interest to the date fixed for prepayment or redemption:

<u>Dates</u>	<u>Price</u>
July 15, 2016 through July 14, 2017	101%
July 15, 2017 through July 14, 2018	100½
July 15, 2018 and thereafter	100

Provided, however, that the bonds shall not be subject to prepayment or redemption prior to their respective maturities except with the prior written consent of the registered owner.

Notice of any such prepayment or redemption shall be given to the registered owner by registered mail at least 60, but not more than 90, days prior to the date fixed for prepayment or redemption.

Security

Your bonds must constitute valid and binding general obligations for the payment of which the full faith and credit of the local unit are irrevocably pledged, and all taxable property within the boundaries of the local unit must be subject to the levy of an ad valorem tax, over and above all other taxes and without limitation as to rate or amount, for the payment of the principal of, and premium, if any, and interest on the bonds to the extent other funds of the local unit are not lawfully available and appropriated for such purpose.

Tax Matters

You shall complete the Questionnaire attached hereto as Appendix D to the Bond Sale Agreement and send along with the Bond Sale Agreement for receipt no later than the close of business on September 27, 2006 to Richard A. Davis, Public Finance Manager, Virginia Public School Authority, either at P.O. Box 1879, Richmond, Virginia 23218-1879 or if delivered by hand to the James Monroe Building- 3rd Floor, 101 N. 14th Street, Richmond, Virginia 23219. You shall execute the Use of Proceeds Certificate in the form provided in Appendix C attached to the Bond Sale Agreement for receipt by the VPSA at least three business days prior to the Closing Date.²

No Composite Issue

You will covenant not to sell, without VPSA's consent, any general obligation bonds which are part of the same common plan of financing (and payable from the same source of funds) as your local school bonds, during the period beginning 15 days in advance of and ending 15 days after the VPSA Sale Date. As noted in the Bond Sale Agreement, the VPSA Sale Date is expected to be on or about October 11, 2006 but, subject to market conditions, may occur any time between October 2, 2006 and October 19, 2006.

Binding Commitment

Subject to the satisfaction of the conditions in Section 4 of the Bond Sale Agreement, the Bond Sale Agreement shall constitute a binding commitment of the Local Issuer to sell its Local School Bonds to VPSA as of the later of the VPSA Sale Date and the date the Local Issuer

² *VPSA requires that the Use of Proceeds Certificate be executed separately from the tax certificates prepared by your bond counsel. Your bond counsel may also prepare one or more tax certificates that contain some information found in the Use of Proceeds Certificate in addition to information such as your reasonable expectations as to meeting the requirements to any of the rebate exceptions.*

executes the Bond Sale Agreement.

Public Hearing and Notice

Before the final authorization of your issuance of the bonds by the governing body, the governing body must hold a public hearing on the proposed issue unless the issuance of such bonds has been approved at referendum. The notice of the hearing, meeting the requirements of Section 15.2-2606, Code of Virginia 1950, as amended, must be published once a week for 2 successive weeks (notices at least 7 days apart) in a newspaper published or having general circulation in your locality. The public hearing may not be held less than 6 nor more than 21 days after the date the second notice appears in the newspaper.

Delivery

VPSA will accept delivery of your bonds only in the form of a single, typewritten, temporary bond, in registered form, payable to VPSA. The form of the bond is included as Exhibit A to the resolution in Appendix B to the Bond Sale Agreement. On 20 days written notice from VPSA, you agree to deliver, at your expense, in exchange for the typewritten bond, on one or more occasions, one or more temporary bonds or definitive bonds in marketable form and, in any case, in fully registered form, in denominations of \$5,000 and whole multiples thereof, and having the same aggregate principal amount and accruing interest at the same rates as the bonds surrendered in exchange, as requested by VPSA.

Comprehensive Annual Financial Report

Annually for the life of your bonds, you will be required to submit a copy of your locality's Comprehensive Annual Financial Report ("CAFR") or annual audited financial statements to the rating agencies referenced below:

Moody's Investors Service, Inc.
Public Finance Department
Attention: Robert Kurtter
99 Church Street
New York, New York 10007

Fitch Ratings
Governmental Finance
Attention: Richard J. Raphael
One State Street Plaza
New York, New York 10004

**APPENDIX B
to the Bond Sale Agreement**

Resolution No.

**RESOLUTION AUTHORIZING THE ISSUANCE OF NOT TO EXCEED
\$7,500,000 GENERAL OBLIGATION SCHOOL BONDS
OF THE CITY OF ROANOKE, VIRGINIA, SERIES 2006-B,
TO BE SOLD TO THE VIRGINIA PUBLIC SCHOOL AUTHORITY
AND PROVIDING FOR THE FORM AND DETAILS THEREOF.**

WHEREAS, on September 22, 2004, the Commonwealth of Virginia Board of Education (the "Board of Education") placed the application (the "Application") of the School Board of the City of Roanoke, , Virginia (the "School Board"), for a loan of \$7,500,000 (the "Literary Fund Loan") from the Literary Fund, a permanent trust fund established by the Constitution of Virginia (the "Literary Fund"), for the construction, renovation and expansion of school buildings (the "Project") in Roanoke, , Virginia (the "City"), on the First Priority Waiting List;

WHEREAS, the Board of Education was to have approved the release of Literary Fund moneys to the School Board and make a commitment to loan such moneys to the School Board (the "Commitment") within one (1) year of placement of the Application on the First Priority Waiting List upon receipt of the Literary Fund of an unencumbered sum available at least equal to the amount of the Application and the approval, by the Board of Education, of the Application as having met all conditions for a loan from the Literary Fund;

WHEREAS, the Board of Education was thereafter to have given advances on the amount of the Commitment for the Literary Fund Loan to the School Board, as construction or renovation of the Project progressed, in exchange for temporary notes from the School Board to the Literary Fund (the "Temporary Notes") for the amounts so advanced;

WHEREAS, after the completion of the Project and the advance of the total amount of the Commitment, the Temporary Notes were to have been consolidated into a permanent loan note of the School Board to the Literary Fund (the "Literary Fund Obligation") which was to evidence the obligation of the School Board to repay the Literary Fund Loan;

WHEREAS, the Literary Fund Obligation was to have borne interest at three percent (3%) per annum and mature in annual installments for a period of twenty (20) years;

WHEREAS, in connection with the 2006 Interest Rate Subsidy Program (the "Program"),

the Virginia Public School Authority (the "VPSA") has offered to purchase general obligation school bonds of the City, and the Board of Education has offered to pay, to the City, a lump sum cash payment (the "Lump Sum Cash Payment") equal to the sum of (i) net present value difference, determined on the date on which the VPSA sells its bonds, between the weighted average interest rate that the general obligation school bonds of the City will bear upon sale to the VPSA and the interest rate that the Literary Fund Obligation would have borne plus (ii) an allowance for the costs of issuing such bonds of the City (the "Issuance Expense Allowance");

WHEREAS, the City Council (the "Council") of the City of Roanoke, Virginia (the "City"), has determined that it is necessary and expedient to borrow not to exceed \$7,500,000 and to issue its general obligation school bonds for the purpose of financing certain capital projects for school purposes; and

WHEREAS, the City held a public hearing, duly noticed, on June 24, 2004, on the issuance of the Bonds (as defined below) in accordance with the requirements of Section 15.2-2606, Code of Virginia 1950, as amended (the "Virginia Code"); and

WHEREAS, the School Board of the City has, by resolution, requested the Council to authorize the issuance of the Bonds (as hereinafter defined) and, consented to the issuance of the Bonds;

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ROANOKE, VIRGINIA:

1. **Authorization of Bonds and Use of Proceeds**. The Council hereby determines that it is advisable to contract a debt and issue and sell its general obligation school bonds in an aggregate principal amount not to exceed \$7,500,000 (the "Bonds") for the purpose of financing certain capital projects for school purposes described in Exhibit B. The Council hereby authorizes the issuance and sale of the Bonds in the form and upon the terms established pursuant to this Resolution.

2. **Sale of the Bonds**. It is determined to be in the best interest of the City to accept the offer of the Virginia Public School Authority (the "VPSA") to purchase from the City, and to sell to the VPSA, the Bonds at a price, determined by the VPSA to be fair and accepted by the Mayor and the City Manager. The Mayor, the City Manager, and such officer or officers of the City as either may designate are hereby authorized and directed to enter into a Bond Sale Agreement dated as of September 27, 2006 with the VPSA providing for the sale of the Bonds to the VPSA in substantially the form submitted to the Council at this meeting, which form is hereby approved (the "Bond Sale Agreement").

3. **Details of the Bonds**. The Bonds shall be issuable in fully registered form; shall be dated the date of issuance and delivery of the Bonds; shall be designated "General Obligation

School Bonds, Series 2006-B"; shall bear interest from the date of delivery thereof payable semi-annually on each January 15 and July 15 beginning July 15, 2007 (each an "Interest Payment Date"), at the rates established in accordance with Section 4 of this Resolution; and shall mature on July 15 in the years (each a "Principal Payment Date") and in the amounts set forth on Schedule I attached hereto (the "Principal Installments"), subject to the provisions of Section 4 of this Resolution.

4. **Interest Rates and Principal Installments.** The City Manager is hereby authorized and directed to accept the interest rates on the Bonds established by the VPSA, provided that each interest rate shall be ten one-hundredths of one percent (0.10%) over the interest rate to be paid by the VPSA for the corresponding principal payment date of the bonds to be issued by the VPSA (the "VPSA Bonds"), a portion of the proceeds of which will be used to purchase the Bonds, and provided further, that the true interest cost of the Bonds does not exceed five and fifty one-hundredths percent (5.50 %) per annum. The Interest Payment Dates and the Principal Installments are subject to change at the request of the VPSA. The City Manager is hereby authorized and directed to accept changes in the Interest Payment Dates and the Principal Installments at the request of the VPSA, provided that the aggregate principal amount of the Bonds shall not exceed the amount authorized by this Resolution. The execution and delivery of the Bonds as described in Section 8 hereof shall conclusively evidence such interest rates established by the VPSA and Interest Payment Dates and the Principal Installments requested by the VPSA as having been so accepted as authorized by this Resolution.

5. **Form of the Bonds.** The Bonds shall be initially in the form of a single, temporary typewritten bond substantially in the form attached hereto as Exhibit A.

6. **Payment; Paying Agent and Bond Registrar.** The following provisions shall apply to the Bonds:

(a) For as long as the VPSA is the registered owner of the Bonds, all payments of principal, premium, if any, and interest on the Bonds shall be made in immediately available funds to the VPSA at, or before 11:00 a.m. on the applicable Interest Payment Date or Principal Payment Date, or if such date is not a business day for Virginia banks or for the Commonwealth of Virginia, then at or before 11:00 a.m. on the business day next preceding such Interest Payment Date or Principal Payment Date.

(b) All overdue payments of principal and, to the extent permitted by law, interest shall bear interest at the applicable interest rate or rates on the Bonds.

(c) Regions Bank, Richmond, Virginia, is designated as Bond Registrar and Paying Agent for the Bonds.

7. **No Redemption or Prepayment.** The Principal Installments of the Bonds shall not be

subject to redemption or prepayment. Furthermore, the Council covenants, on behalf of the City, not to refund or refinance the Bonds without first obtaining the written consent of the VPSA or the registered owner of the Bonds.

8. **Execution of the Bonds.** The Mayor or Vice Mayor and the Clerk or any Deputy Clerk of the Council are authorized and directed to execute and deliver the Bonds and to affix the seal of the City thereto.

9. **Pledge of Full Faith and Credit.** For the prompt payment of the principal of, premium, if any, and the interest on the Bonds as the same shall become due, the full faith and credit of the City are hereby irrevocably pledged, and in each year while any of the Bonds shall be outstanding there shall be levied and collected in accordance with law an annual ad valorem tax upon all taxable property in the City subject to local taxation sufficient in amount to provide for the payment of the principal of and premium, if any, and the interest on the Bonds as such principal, premium, if any, and interest shall become due, which tax shall be without limitation as to rate or amount and in addition to all other taxes authorized to be levied in the City to the extent other funds of the City are not lawfully available and appropriated for such purpose.

10. **Use of Proceeds Certificate and Certificate as to Arbitrage.** The Mayor, the City Manager and such officer or officers of the City as either may designate are hereby authorized and directed to execute a Certificate as to Arbitrage and a Use of Proceeds Certificate each setting forth the expected use and investment of the proceeds of the Bonds and containing such covenants as may be necessary in order to show compliance with the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and applicable regulations relating to the exclusion from gross income of interest on the Bonds and on the VPSA Bonds except as provided below. The Council covenants on behalf of the City that (i) the proceeds from the issuance and sale of the Bonds will be invested and expended as set forth in such Certificate as to Arbitrage and such Use of Proceeds Certificate and that the City shall comply with the other covenants and representations contained therein and (ii) the City shall comply with the provisions of the Code so that interest on the Bonds and on the VPSA Bonds will remain excludable from gross income for Federal income tax purposes.

11. **State Non-Arbitrage Program; Proceeds Agreement.** The Council hereby determines that it is in the best interests of the City to authorize and direct the City Treasurer to participate in the State Non-Arbitrage Program in connection with the Bonds. The Mayor, the City Manager and such officer or officers of the City as either may designate are hereby authorized and directed to execute and deliver a Proceeds Agreement with respect to the deposit and investment of proceeds of the Bonds by and among the City, the other participants in the sale of the VPSA Bonds, the VPSA, the investment manager and the depository, substantially in the form submitted to the Council at this meeting, which form is hereby approved.

12. **Continuing Disclosure Agreement.** The Mayor, the City Manager and such officer or

officers of the City as either may designate are hereby authorized and directed to execute a Continuing Disclosure Agreement, as set forth in Appendix E to the Bond Sale Agreement, setting forth the reports and notices to be filed by the City and containing such covenants as may be necessary in order to show compliance with the provisions of the Securities and Exchange Commission Rule 15c2-12 and directed to make all filings required by Section 3 of the Bond Sale Agreement should the City be determined by the VPSA to be a MOP (as defined in the Continuing Disclosure Agreement).

13. **Filing of Resolution.** The appropriate officers or agents of the City are hereby authorized and directed to cause a certified copy of this Resolution to be filed with the Circuit Court of the City.

14. **Previously Authorized Obligations.** The Bonds are intended to be issued in lieu of (a) \$7,500,000 of the \$8,775,000 of general obligation bonds of the City previously authorized by Council for public school capital improvement projects pursuant to Resolution No. 36753-062104, adopted June 21, 2004, and (b) a \$7,500,000 Literary Fund loan previously authorized by Council for the Project pursuant to Resolution No. 36524-102303, adopted October 23, 2003, neither of which previously authorized obligations has been issued.

14. **Further Actions.** The members of the Council and all officers, employees and agents of the City are hereby authorized to take such action as they or any one of them may consider necessary or desirable in connection with the issuance and sale of the Bonds and any such action previously taken is hereby ratified and confirmed.

15. **Effective Date.** This Resolution shall take effect immediately.

* * *

The undersigned Clerk of the City of Roanoke, Virginia, hereby certifies that the foregoing constitutes a true and correct extract from the minutes of a meeting of the City Council held on September 18, 2006, and of the whole thereof so far as applicable to the matters referred to in such extract. I hereby further certify that such meeting was a regularly scheduled meeting and that, during the consideration of the foregoing resolution, a quorum was present and that the attendance and voting of the members in attendance on the foregoing resolution were as follows:.

	Present	Absent	Aye	Nay	Abstain
C. Nelson Harris, Mayor	_____	_____	_____	_____	_____
David B. Trinkle, Vice Mayor	_____	_____	_____	_____	_____
Alfred T. Dowe, Jr.	_____	_____	_____	_____	_____
Beverly T. Fitzpatrick, Jr.	_____	_____	_____	_____	_____
Sherman P. Lea	_____	_____	_____	_____	_____
Gwendolyn W. Mason	_____	_____	_____	_____	_____
Brian J. Wishneff	_____	_____	_____	_____	_____

WITNESS MY HAND and the seal of the City of Roanoke, Virginia, this ____ day of September, 2006.

Clerk,
City of Roanoke, Virginia

[SEAL]

[Patrick Henry]

EXHIBIT A
(FORM OF TEMPORARY BOND)

NO. TS-1

\$ _____

UNITED STATES OF AMERICA
COMMONWEALTH OF VIRGINIA
CITY OF ROANOKE
General Obligation School Bond
Series 2006-B

The **CITY OF ROANOKE, VIRGINIA** (the "City"), for value received, hereby acknowledges itself indebted and promises to pay to the **VIRGINIA PUBLIC SCHOOL AUTHORITY** the principal amount of _____ DOLLARS (\$ _____), in annual installments in the amounts set forth on Schedule I attached hereto payable on July 15, 2007 and annually on July 15 thereafter to and including July 15, 2026 (each a "Principal Payment Date"), together with interest from the date of this Bond on the unpaid installments, payable semi-annually on January 15 and July 15 of each year, commencing on July 15, 2007 (each an "Interest Payment Date"; together with any Principal Payment Date, a "Payment Date"), at the rates per annum set forth on Schedule I attached hereto. Both principal of and interest on this Bond are payable in lawful money of the United States of America.

For as long as the Virginia Public School Authority is the registered owner of this Bond,

Regions Bank, as bond registrar (the "Bond Registrar"), shall make all payments of principal, premium, if any, and interest on this Bond, without the presentation or surrender hereof, to the Virginia Public School Authority, in immediately available funds at or before 11:00 a.m. on the applicable Payment Date or date fixed for prepayment or redemption. If a Payment Date or date fixed for prepayment or redemption is not a business day for banks in the Commonwealth of Virginia or for the Commonwealth of Virginia, then the payment of principal, premium, if any, or interest on this Bond shall be made in immediately available funds at or before 11:00 a.m. on the business day next preceding the scheduled Payment Date or date fixed for prepayment or redemption. Upon receipt by the registered owner of this Bond of said payments of principal, premium, if any, and interest, written acknowledgment of the receipt thereof shall be given promptly to the Bond Registrar, and the City shall be fully discharged of its obligation on this Bond to the extent of the payment so made. Upon final payment, this Bond shall be surrendered to the Bond Registrar for cancellation.

The full faith and credit of the City are irrevocably pledged for the payment of the principal of and the premium, if any, and interest on this Bond. The resolution adopted by the City Council authorizing the issuance of the Bonds provides, and Section 15.2-2624, Code of Virginia 1950, as amended, requires, that there shall be levied and collected an annual tax upon all taxable property in the City subject to local taxation sufficient to provide for the payment of the principal, premium, if any, and interest on this Bond as the same shall become due which tax shall be without limitation as to rate or amount and shall be in addition to all other taxes authorized to be levied in the City to the extent other funds of the City are not lawfully available and appropriated for such purpose.

This Bond is duly authorized and issued in compliance with and pursuant to the Constitution and laws of the Commonwealth of Virginia, including the Public Finance Act of 1991, Chapter 26, Title 15.2, Code of Virginia 1950, as amended, and resolutions duly adopted by the City Council and the School Board of the City to provide funds for capital projects for school purposes.

This Bond may be exchanged without cost, on twenty (20) days written notice from the Virginia Public School Authority, at the office of the Bond Registrar on one or more occasions for two or more temporary bonds or definitive bonds in fully registered form in denominations of \$5,000 and whole multiples thereof, and; in any case, having an equal aggregate principal amount having maturities and bearing interest at rates corresponding to the maturities of and the interest rates on the installments of principal of this Bond then unpaid. This Bond is registered in the name of the Virginia Public School Authority on the books of the City kept by the Bond Registrar, and the transfer of this Bond may be effected by the registered owner of this Bond only upon due execution of an assignment by such registered owner. Upon receipt of such assignment and the surrender of this Bond, the Bond Registrar shall exchange this Bond for definitive Bonds as hereinabove provided, such definitive Bonds to be registered on such registration books in the name of the assignee or assignees named in such assignment.

The principal installments of this Bond are not subject to redemption or prepayment.

All acts, conditions and things required by the Constitution and laws of the Commonwealth of Virginia to happen, exist or be performed precedent to and in the issuance of this Bond have happened, exist and have been performed in due time, form and manner as so required, and this Bond,

together with all other indebtedness of the City, is within every debt and other limit prescribed by the Constitution and laws of the Commonwealth of Virginia.

IN WITNESS WHEREOF, the City Council of the City of Roanoke, Virginia has caused this Bond to be issued in the name of the City of Roanoke, Virginia, to be signed by its Mayor or Vice Mayor, its seal to be affixed hereto and attested by the signature of its Clerk or any of its Deputy Clerks, and this Bond to be dated _____, 2006.

**CITY OF ROANOKE,
VIRGINIA**

(SEAL)

ATTEST:

Clerk, City of
Roanoke, Virginia

Mayor, City of
Roanoke, Virginia

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING ZIP CODE, OF ASSIGNEE)

PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFYING NUMBER OF ASSIGNEE: _____

the within Bond and irrevocably constitutes and appoints

_____ attorney to exchange said Bond for
definitive bonds in lieu of which this Bond is issued and to register the transfer of such definitive
bonds on the books kept for registration thereof, with full power of substitution in the premises.

Date: _____

Registered Owner

Signature Guaranteed:

(NOTICE: The signature above
must correspond with the name
of the Registered Owner as it
appears on the front of this
Bond in every particular,
without alteration or change.)

(NOTICE: Signature(s) must be
guaranteed by an "eligible guarantor
institution" meeting the requirements
of the Bond Registrar which
requirements will include Membership or
participation in STAMP or such other "signature
guarantee program" as may be determined by
the Bond Registrar in addition to, or in substitution for,
STAMP, all in accordance with the Securities Exchange
Act of 1934, as amended.

SCHEDULE I

City of Roanoke
Subsidized Local School Bond

	Principal	Rate	Interest	Total	Fiscal Total
7/15/2007	311,412.00	3.800%	194,014.13	\$505,426.13	0.00
1/15/2008	-	0.000%	136,044.73	136,044.73	641,470.86
7/15/2008	317,060.00	3.800%	136,044.73	453,104.73	0.00
1/15/2009	-	0.000%	130,020.59	130,020.59	583,125.32
7/15/2009	317,954.00	3.850%	130,020.59	447,974.59	0.00
1/15/2010	-	0.000%	123,899.98	123,899.98	571,874.57
7/15/2010	318,965.00	3.850%	123,899.98	442,864.98	0.00
1/15/2011	-	0.000%	117,759.90	117,759.90	560,624.88
7/15/2011	320,015.00	3.850%	117,759.90	437,774.90	0.00
1/15/2012	-	0.000%	111,599.61	111,599.61	549,374.51
7/15/2012	321,517.00	4.100%	111,599.61	433,116.61	0.00
1/15/2013	-	0.000%	105,008.51	105,008.51	538,125.12
7/15/2013	323,489.00	4.100%	105,008.51	428,497.51	0.00
1/15/2014	-	0.000%	98,376.99	98,376.99	526,874.50
7/15/2014	325,545.00	4.100%	98,376.99	423,921.99	0.00
1/15/2015	-	0.000%	91,703.31	91,703.31	515,625.30
7/15/2015	327,686.00	4.100%	91,703.31	419,389.31	0.00
1/15/2016	-	0.000%	84,985.75	84,985.75	504,375.06
7/15/2016	330,761.00	4.600%	84,985.75	415,746.75	0.00
1/15/2017	-	0.000%	77,378.24	77,378.24	493,124.99
7/15/2017	334,819.00	4.600%	77,378.24	412,197.24	0.00
1/15/2018	-	0.000%	69,677.41	69,677.41	481,874.65
7/15/2018	338,635.00	4.350%	69,677.41	408,312.41	0.00
1/15/2019	-	0.000%	62,312.10	62,312.10	470,624.50
7/15/2019	342,194.00	4.350%	62,312.10	404,506.10	0.00
1/15/2020	-	0.000%	54,869.38	54,869.38	459,375.47
7/15/2020	345,910.00	4.350%	54,869.38	400,779.38	0.00
1/15/2021	-	0.000%	47,345.83	47,345.83	448,125.21
7/15/2021	349,791.00	4.350%	47,345.83	397,136.83	0.00
1/15/2022	-	0.000%	39,737.88	39,737.88	436,874.71
7/15/2022	353,845.00	4.350%	39,737.88	393,582.88	0.00
1/15/2023	-	0.000%	32,041.75	32,041.75	425,624.62
7/15/2023	358,080.00	4.350%	32,041.75	390,121.75	0.00
1/15/2024	-	0.000%	24,253.51	24,253.51	414,375.25
7/15/2024	362,595.00	4.400%	24,253.51	386,848.51	0.00
1/15/2025	-	0.000%	16,276.42	16,276.42	403,124.92
7/15/2025	367,405.00	4.400%	16,276.42	383,681.42	0.00
1/15/2026	-	0.000%	8,193.51	8,193.51	391,874.92
7/15/2026	372,432.00	4.400%	8,193.51	380,625.51	0.00
1/15/2027	-	0.000%	0.00	0.00	380,625.51
7/15/2027					0.00
Debt Total	\$ 6,740,110.00		\$ 3,056,984.82	\$9,797,094.82	
Premium	-				
Grand Total	\$ 6,740,110.00				

Dated Date: 11/9/2006

EXHIBIT B

The proceeds of the Bonds will be used to finance the construction of certain capital improvements and the acquisition and installation of certain capital equipment for Patrick Henry High School.

APPENDIX C
to the Bond Sale Agreement

USE OF PROCEEDS CERTIFICATE FOR NEW MONEY

The \$ _____ General Obligation School Bonds, Series 2006-B (the "Bonds") issued by the City of Roanoke, Virginia (the "Issuer") will be purchased by the Virginia Public School Authority ("VPSA") from the proceeds of the VPSA's \$ _____ School Financing Bonds (1997 Resolution), Series 2006 B (the "VPSA's Bonds"), pursuant to a Bond Sale Agreement dated as of September 27, 2006. The proceeds of the Bonds will be used to acquire, construct and equip public school facilities owned and/or operated by the school board for the Issuer (the "School Board"). The Issuer and the School Board each recognize that certain facts, estimates and representations set forth in the Certificate as to Arbitrage executed by VPSA in connection with the issuance of the VPSA's Bonds must be based on the representations and certifications of the Issuer and the School Board, upon which VPSA and Sidley Austin LLP, its bond counsel ("Bond Counsel") rely, and that the exclusion from gross income for federal income tax purposes of the interest on the VPSA's Bonds depends on the use of proceeds of the VPSA's and the Issuer's Bonds. Accordingly, the Issuer and the School Board hereby covenant that:

Section 1. Description of Project. The proceeds of the Bonds, including investment income thereon ("proceeds"), will be used to finance the acquisition, construction, and equipping of public school facilities of the Issuer (the "Project").

Section 2. Governmental Use of Proceeds. The Issuer and the School Board covenant the following with respect to the use of proceeds of the Bonds and the facilities financed therewith:

(a) In General.

(i) Private Business Use. No more than ten percent (10%) of the proceeds of the Bonds or the Project (based on the greatest of: (A) the cost allocated on the basis of space occupied, (B) the fair market value, or (C) the actual cost of construction) has been or, so long as the Bonds are outstanding, will be, used in the aggregate for any activities that constitute a "Private Use" (as such term is defined below in subsection (d) of this Section 2).

(ii) Private Security or Payment. No more than ten percent (10%) of the principal of or interest on the Bonds, under the terms thereof or any underlying arrangement, has been, or, so long as the Bonds are outstanding, will be, directly or indirectly, (A) secured by any interest in (I) property used for a Private Use or (II) payments in respect of such property or (B) derived from payments in respect of property used or to be used for a Private Use, whether or not such property is a part of the Project.

(b) No Disproportionate or Unrelated Use. With respect to private business use disproportionate to or not related to governmental use financed or refinanced with the proceeds of the Bonds, no more than five percent (5%) of the principal of or interest on such Bonds, under the terms thereof or any underlying arrangement, has been, or, so long as the Bonds are outstanding, will be, directly or indirectly, (x) secured by any interest in (I) property used for a Private Use or (II) payments in respect of such property or (y) derived from payments in respect of property used or to be used for a Private Use, whether or not such property is a part of the Project.

(c) No Private Loan Financing. No proceeds of the Bonds will be used to make or finance loans to any person other than to a state or local governmental unit.

(d) Definition of Private Use. For purposes of this Certificate, the term "Private Use" means any activity that constitutes a trade or business that is carried on by persons or entities other than state or local governmental entities. Any activity carried on by a person other than a natural person is treated as a trade or business. The leasing of property financed or refinanced with the proceeds of the Bonds or the access of a person other than a state or local governmental unit to property or services on a basis other than as a member of the general public shall constitute Private Use unless the Issuer obtains an opinion of Bond Counsel to the contrary. Use of property financed or refinanced with proceeds of the Bonds by any person, other than a state or local governmental unit, in its trade or business constitutes general public use only if the property is intended to be available and is in fact reasonably available for use on the same basis by natural persons not engaged in a trade or business ("General Public Use").

In most cases Private Use will occur only if a nongovernmental person has a special legal entitlement to use the financed or refinanced property under an arrangement with the Issuer or the School Board. Such a special legal entitlement would include ownership or actual or beneficial use of the Project pursuant to a lease, management or incentive payment contract, output contract, research agreement or similar arrangement. In the case of property that is not available for General Public Use, Private Use may be established solely on the basis of a special economic benefit to one or more nongovernmental persons. In determining whether special economic benefit gives rise to Private Use, it is necessary to consider all of the facts and circumstances, including one or more of the following factors:

- (i) whether the financed or refinanced property is functionally related or physically proximate to property used in the trade or business of a nongovernmental person;
- (ii) whether only a small number of nongovernmental persons receive the economic benefit; and
- (iii) whether the cost of the financed or refinanced property is treated as depreciable by the nongovernmental person.

As of the date hereof, no portion of the Project is leased (or will be so leased) by the Issuer or the School Board (or a related party or agent) to a person or entity other than a state or local governmental unit or to members of the general public for General Public Use.

(e) Management and Service Contracts. With respect to management and service contracts, the determination of whether a particular use constitutes Private Use under this Certificate shall be determined on the basis of applying Revenue Procedure 97-13, 1997-1 C. B. 632, as modified by Revenue Procedure 2001-39, 2001-2 C.B. 38 (collectively, "Revenue Procedure 97-13"). As of the date hereof, no portion of the proceeds derived from the sale of the Bonds is being used to finance or refinance property subject to contracts or other arrangements with persons or entities engaged in a trade or business (other than governmental units) that involve the management of property or the provision of services with respect to property financed or refinanced with proceeds of the Bonds that does not comply with the standards of Revenue Procedure 97-13.

For purposes of determining the nature of a Private Use, any arrangement that is properly characterized as a lease for federal income tax purposes is treated as a lease. Consequently, an arrangement that is referred to as a management or service contract may nevertheless be treated as a lease. In determining whether a management contract is properly characterized as a lease, it is necessary to consider all of the facts and circumstances, including the following factors:

- (i) the degree of control over the property that is exercised by a nongovernmental person; and
- (ii) whether a nongovernmental person bears risk of loss of the financed or refinanced property.

Section 3. Time Test and Due Diligence Test. The Issuer or the School Board have incurred or will incur within 6 months of the date hereof substantial binding obligations, which are not subject to contingencies within the control of the Issuer or the School Board or a related party, to third parties to expend at least 5% of the net sale proceeds of the Bonds on the Project. The Issuer and the School Board will proceed with due diligence to spend all of the proceeds of the Bonds within three years of the date hereof.

Section 4. Dispositions and Change in Use.

(a) No Sale or Disposition. The Issuer and the School Board expect to own and operate and do not expect to sell or otherwise dispose of the Project, or any component thereof, prior to the final maturity date of the VPSA's Bonds (August 1, [20__]).

(b) No Change in Use. The Issuer and the School Board represent, warrant and covenant that the facilities financed or refinanced with proceeds of the Bonds will be used for the governmental purpose of the Issuer and the School Board during the period of time the Bonds are outstanding, unless an opinion of Bond Counsel is received with respect to any proposed change in use of the Project.

Section 5. No Sinking or Pledged Funds. The Issuer and the School Board have not established and will not establish any funds or accounts that are reasonably expected to be used to pay debt service on the Bonds or that are pledged (including negative pledges) as collateral for the Bonds for which there is a reasonable assurance that amounts on deposit therein will be available to pay debt service on the Bonds if the Issuer or the School Board encounters financial difficulty.

Section 6. No Replacement Proceeds.

(a) In General. No portion of the proceeds of the Bonds will be used as a substitute for other funds that prior to the Issuer's resolving to proceed with the issuance of the Bonds was used or is to be used to pay any cost of the Project.

(b) Safe Harbor. In accordance with Section 1.148-1(c) of the Treasury Regulations regarding the safe harbor against the creation of "replacement proceeds", as of the date hereof, the weighted average maturity of the Bonds does not exceed 120% of the reasonably expected economic life of the Project financed thereby.

Section 7. No Refunding. The proceeds of the Bonds will not be used to provide for the payment of any principal of or interest on any obligations of the Issuer, other than the Bonds, incurred in the exercise of its borrowing power.

Section 8. Composite Issue. Except for the Issuer's General Obligation School Bonds, Series 2006-A, there are no other obligations of the Issuer that have been, or will be (a) sold within 15 days of VPSA's Bonds, (b) sold pursuant to the same plan of financing together with the Bonds, and (c) paid out of substantially the same source of funds as the Bonds.

Section 9. No Federal Guarantee. The Issuer and the School Board shall not take or permit any action that would cause (a) the payment of principal of or interest on the Bonds to be guaranteed, directly or indirectly, in whole or in part by the United States or any agency or instrumentality thereof or (b) 5 percent or more of the proceeds of the Bonds to be (i) used in making loans the payment of principal of or interest on which is guaranteed in whole or in part by the United States or any agency or instrumentality thereof or (ii) invested directly or indirectly in federally insured deposits or accounts (except as permitted under Section 149(b) of the Internal Revenue Code of 1986, as amended (the "Code"), or the regulations promulgated thereunder). The Issuer and the School Board have not, and will not enter into, any (i) long-term service contract with any federal governmental agency, (ii) service contract with any federal governmental agency under terms that are materially different from the terms of any contracts with any persons other than federal government agencies, and (iii) lease of property to any federal government agency that would cause the Bonds to be considered "federally guaranteed" within the meaning of Section 149(b) of the Code.

Section 10. No Hedge Bonds. The Issuer and the School each reasonably expects that all of the net sale proceeds of the Bonds will be used to pay the cost of the Project within three years of the date hereof. Furthermore, not more than 50 percent of the proceeds of the Bonds will be invested in Nonpurpose Investments (as such term is defined in Section 148(f)(6)(A) of the Code) having a substantially guaranteed yield for four years or more.

Section 11. No Overissuance. The total proceeds derived by the Issuer from the sale of the Bonds and anticipated investment earnings thereon do not exceed the total of the amounts necessary to finance the Project.

Section 12. Reimbursable Expenses. A portion of the proceeds of the Bonds to be applied to the cost of the Project will be used to reimburse the Issuer for expenditures incurred thereby with respect to the Project in anticipation of the issuance of the Bonds. The Issuer and

the School Board represent the following with respect to the costs of the Project to be reimbursed from the proceeds of the Bonds.

(a) Official Intent. The total amount of reimbursed costs incurred by the Issuer with respect to the Project is not expected to exceed \$7,500,000. Such expenditures were paid prior to the date hereof but no earlier than sixty (60) days prior to June 21, 2004, which is the date the Issuer or the School Board adopted its "official intent" declaration (the "Official Intent Declaration") in accordance with Section 1.150-2 of the Treasury Regulations. The Official Intent Declaration:

(i) was, on the date of its adoption, intended to constitute a written documentation on behalf of the Issuer that states that the Issuer reasonably expected to reimburse itself for such expenditures with the proceeds of a taxable or tax-exempt borrowing,

(ii) set forth a general description of the Project, and

(iii) stated the maximum principal amount of debt expected to be issued for the Project.

Neither the Issuer nor the School Board has taken any action subsequent to the expression of such intent that would contradict or otherwise be inconsistent with such intent.

(b) Reasonable Official Intent. As of the date of the Official Intent Declaration, the Issuer reasonably expected to reimburse such expenditures with the proceeds of a borrowing. The Issuer does not have a pattern of failing to reimburse expenditures for which an intention to reimburse such expenditures was declared and which were actually paid by the Issuer other than in circumstances that were unexpected and beyond the control of the Issuer.

(c) Reimbursement Period Requirement. The proceeds derived from the sale of the Bonds to be applied to reimburse the above-described expenditures will be so applied no later than the later of the date that is (i) eighteen (18) months after the date on which the expenditure being reimbursed was paid, or (ii) eighteen (18) months after the date on which the portion of the Project to which such expenditure relates was placed in service (within the meaning of Section 1.150-2 of the Treasury Regulations) or abandoned. The Issuer shall not, however, use Bond proceeds to reimburse the above-described expenditures later than three (3) years after the date the original expenditure was paid.

(d) Reimbursable Expenditures. The expenditures to be reimbursed are either (i) capital expenditures (within the meaning of Section 1.150-1 (b) of the Treasury Regulations), (ii) costs of issuance, (iii) certain working capital expenditures for extraordinary, nonrecurring items that are not customarily payable from current revenues (within the meaning of Section 1.148-6 (d) (3) (ii) (B) of the Treasury Regulations), (iv) grants (within the meaning of Section 1.148-6 (d) (4) of the Treasury Regulations), or (v) qualified student loans, qualified mortgage loans or qualified veterans' mortgage loans (within the meaning of Section 1.150-1(b) of the Treasury Regulations). None of the

expenditures to be reimbursed were incurred for day-to-day operating costs or similar working capital items.

No portion of the proceeds of the Bonds being used to reimburse the Issuer for prior expenditures will be used, directly or indirectly, within one year of the date of a reimbursement allocation, in a manner that results in the creation of replacement proceeds (within the meaning of Section 1.148-1 of the Treasury Regulations), other than amounts deposited in a bona fide debt service fund.

(e) Anti-Abuse Rules. None of the proceeds of the Bonds is being used in a manner that employs an abusive arbitrage device under Section 1.148-10 of the Treasury Regulations to avoid the arbitrage restrictions or to avoid the restrictions under Sections 142 through 147 of the Code.

Section 13. Private Activity Covenants. The Issuer and the School Board each represents, warrants and covenants that it will take no action that would cause either the Bonds or the VPSA's Bonds to be private activity bonds within the meaning of Section 141(a) of the Code and that it will not fail to take any action that would prevent the VPSA's Bonds and the Bonds from being private activity bonds, within the meaning of Section 141(a) of the Code. Furthermore, the Issuer and the School Board have established reasonable procedures to ensure compliance with this covenant.

Section 14. Covenant as to Arbitrage. The Issuer and the School Board each represents, warrants and covenants that whether or not any of the Bonds remain outstanding, the money on deposit in any fund or account maintained in connection with the Bonds, whether or not such money was derived from the proceeds of the sale of the Bonds or from any other sources, will not be used in a manner that would cause the Bonds or the VPSA's Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and the applicable regulations thereunder.

Section 15. Tax Covenant. The Issuer and the School Board each represents, warrants and covenants that it will not take any action which will, or fail to take any action which failure will, cause the interest on the Bonds or the VPSA's Bonds to become includable in the gross income of the owners of the Bonds or the VPSA's Bonds for federal income tax purposes pursuant to the provisions of the Code and the regulations promulgated thereunder in effect on the date of original issuance of the Bonds and the VPSA's Bonds.

Date:

CITY OF ROANOKE, VIRGINIA

By: _____

Name: Darlene L. Burcham

Title: City Manager

**SCHOOL BOARD OF THE CITY OF
ROANOKE, VIRGINIA**

By: _____

Name: David B. Carson

Title: Chairman

APPENDIX D
to the Bond Sale Agreement

**CONSTRUCTION EXCEPTION AND
EIGHTEEN-MONTH EXCEPTION
TO THE REBATE REQUIREMENT
QUESTIONNAIRE**

The purpose of this questionnaire is to elicit facts concerning the expenditure of the proceeds of the City of Roanoke, Virginia (the "Issuer") general obligation school bonds (the "Bonds") in order to make an initial determination that the construction exception from the rebate requirement provided by Section 148(f)(4)(C) of the Internal Revenue Code of 1986, as amended, or the eighteen month exception from the rebate requirement provided by Section 1.148-7(d) of the Treasury Regulations is available.

Please supply the information requested below and send this questionnaire to Richard A. Davis, Public Finance Manager, Virginia Public School Authority, P. O. Box 1879, Richmond, Virginia 23218-1879, for receipt no later September 27, 2006, with a copy to your bond counsel.

1. Briefly describe the project (the "Project") to be financed with the proceeds of the Bonds including the useful life of the project(s) being financed.

2. (a) Indicate the total amount of proceeds to be derived from the sale of the Bonds.

- (b) Indicate the amount that you reasonably expect to receive from the investment of the Bond proceeds prior to spending all of the Bond proceeds set forth above in Question 2 (a).

- (c) Indicate the amount of proceeds derived from the sale of the Bonds that you expect to use to finance the issuance costs of the Bonds. (e.g. your legal fees)

- (d) The amount set forth in Questions 2(a) plus the amount set forth in Question 2(b)

reduced by the amount set forth in Question 2(c) equals \$_____. This amount is hereinafter referred to as "Available Construction Proceeds". **Any bond premium derived from sale of the bonds and any investment earnings thereon will be treated as Available Construction Proceeds.**

3. Indicate the amount of money, other than the Available Construction Proceeds of the Bonds, that will be applied toward the cost of the Project and the expected source of such money. Indicate what such money will be used for.

4. Indicate, by principal components, your current estimates of the cost for the acquisition and construction of the Project that will be financed with the Available Construction Proceeds of the Bonds, including:

(a) Acquisition of Interest in Land	\$ _____
(b) Acquisition of Interest in Real Property ¹	_____
(c) Acquisition and/or Installation of Tangible Personal Property ²	_____
(d) Site Preparation	_____
(e) Construction of Real Property ³	_____
(f) Reconstruction of Real Property ⁴	_____
(g) Rehabilitation of Real Property ⁵	_____
(h) Construction of Tangible Personal Property ⁶	_____
(i) Specially developed computer software ⁷	_____
(j) Interest on the Bonds during Construction	_____
(k) Other (please specify)	_____
_____	_____
(l) Total	\$ _____

(Note: The sum of the amounts described in (a) through (k) must equal the amount of Available Construction Proceeds of the Bonds set forth in Question 2(d).) _____

1-7 See the Endnotes on pages D-7 and D-8.

5. (a) Have you borrowed, directly or indirectly, (such as through an industrial development authority) any money, either through a tax-exempt bank loan, a bond anticipation note, any tax-exempt or taxable obligation or otherwise (a "loan"), to pay for the Project costs?

Yes _____ No _____

- (b) Do you intend to use the proceeds of the Bonds to refinance or repay any loan used to finance the Project costs?

Yes _____ No _____

- (c) If the answer to Question 5(b) is "Yes", please attach a copy of the BAN, COP, or other evidence of the loan and any tax certificate executed with such loan and indicate the following:

- (i) Amount of loan:
- (ii) Date of loan:
- (iii) Maturity date of loan:
- (iv) Interest rate of loan:
- (v) Name of lender:
- (vi) Refinance or repayment date:
- (vii) Amount of unspent proceeds, if any:
- (viii) Where unspent proceeds are being held (e.g. SNAP):

- (d) If the answer to question 5(a) or (b) is "Yes", did you use the proceeds of the loan to reimburse yourself for expenses paid with respect to the Project before the loan was obtained?

Yes _____ No _____

- (e) If the answer to question 5(b) is "Yes", do you expect to qualify for the small issuer exception for the loan.

6. (a) Do you intend to reimburse yourself from the proceeds of the Bonds for Project costs advanced from your General Fund or other available sources?

Yes _____ No _____

- (b) If the answer to Question 5(d) or Question 6 (a) is "Yes", with respect to all such expenditures, please indicate the amount of such expenditure, when such expenditure was paid and the purpose of the expenditure (i.e., architectural fees, engineering fees, other construction costs):

(i) Amount expended \$ _____

(ii) Date of expenditure: _____

(iii) Purpose of expenditure: _____

(Note: if you intend to reimburse yourself for more than one expenditure, please attach a rider setting forth: (i) amount expended, (ii) date of expenditure, and (iii) purpose of expenditure)

7. If the answer to Question 5(d) or 6(a) is "Yes" please attach a copy of any other evidence of your intention to reimburse yourself with the proceeds of a borrowing such as the earliest possible resolution, declaration or minutes of a meeting. Include the date such resolution was adopted, meeting was held or declaration made.

[The purpose of questions 8, 9 and 10 is to determine if the Bonds may qualify for the Construction Exception from the Rebate Requirement.]

8. Indicate whether the total of the amounts shown in 4(d) through (i) on page D-2 is at least 75% of the amount of Available Construction Proceeds (i.e., 75% of the amount in 4(i).

Yes _____ No _____

If the answer to Question 8 is "Yes", answer Question 9 and skip Question 10.

If the answer to Question 8 is "No", skip Question 9 and answer Question 10.

9. (a) Assuming the Bonds are delivered on November 9, 2006 and funds are made available to you on that date, please complete the following schedule indicating the amount of Available Construction Proceeds that the City/County expects to expend and disburse **during** the following time periods:

From November 9, 2006 to May 9, 2007	\$ _____ ⁸
From May 10, 2007 to November 9, 2007	_____
From November 10, 2007 to May 9, 2008	_____
From May 10, 2008 to November 9, 2008	_____
Total ⁹	\$ _____

8 and 9 See the Endnotes on page D-8.

- (b) If you do not expect to spend 100% of Available Construction Proceeds by November 9, 2008, do you expect to spend 100% of Available Construction Proceeds by November 9, 2009?

Yes _____ No _____

10. For purposes of this Question 10, assume that the Bonds are delivered on November 9, 2006 and funds are made available to you on that date.

- (a) Does the City/County expect to expend and disburse the amount shown in Question 4(a) for the acquisition of land by May 9, 2007?

Yes _____ No _____

- (b) Does the City/County expect to expend and disburse the amount shown in Question 4(b) for the acquisition of interests in real property by May 9, 2007?

Yes _____ No _____

- (c) Does the City/County expect to expend and disburse the amount shown in Question 4(c) for the acquisition and/or installation of tangible personal Property by May 9, 2007?

Yes _____ No _____

- (d) (i) Does the City/County expect to expend and disburse the amount shown in question 4(l) by November 9, 2009?

Yes _____ No _____

- (ii) Assuming that the Bonds are delivered on May 11, 2006, and funds are made available to you on that date, please complete the following schedule indicating the amount of Available Construction Proceeds that the City/County expects to expend and disburse during the following time periods:

From November 9, 2006 to May 9, 2007	\$ _____ ¹⁰
From May 10, 2007 to November 9, 2007	_____
From November 10, 2007 to May 9, 2008	_____
From May 10, 2008 to November 9, 2008	_____

Total \$ _____

¹⁰ See the Endnotes on page D-8.

[The purpose of question 11 is to determine if the Bonds may qualify for the Eighteen Month Exception from the Rebate Requirement.]

11. The sum of the amounts set forth in Questions 2(a) and 2(b) equals \$_____ (the "gross proceeds"). Assuming that the Bonds are delivered on November 9, 2006 and funds are made available to you on that date, please complete the following schedule indicating the amount of gross proceeds that the City expects to expend and disburse during the following time periods:

From November 9, 2006 to May 9, 2007	\$_____ ¹
From May 10, 2007 to November 9, 2007	_____
From November 10, 2007 to May 9, 2008	_____
Total	\$ _____

12. (a) Will this issue qualify for the Small Issuer Exception?

Yes _____ No _____

(b) List any general obligation bond financings the City has undertaken or is planning to undertake in the calendar year 2006.

I understand that the foregoing information will be relied upon by the Virginia Public School Authority (the "Authority") in determining the applicability of the construction exception to the Authority's School Financing Bonds (1997 Resolution), Series 2006 B. I hereby certify that I am familiar with the Project or have made due inquiry in order to complete this Questionnaire with respect to the Project and am authorized by the City to provide the foregoing information with respect to it, which information is true, correct, and complete, to the best of my knowledge.

¹ Include amounts expended prior to November 9, 2006 and approved by your bond counsel for reimbursement from your bond proceeds. This does not include any amount used to refinance or repay any loan.

Kenneth L. Mundy, Jr.
Name of Person Completing
Questionnaire

Director for Fiscal Services
Title

Signature

Date

ENDNOTES

1. For purposes of this questionnaire, "real property" means improvements to land, such as buildings or other inherently permanent structures, including items that are structural components of such buildings or structures. For example, real property includes wiring in a building, plumbing systems, central heating or central air conditioning systems, pipes or ducts, elevators or escalators installed in a building, paved parking areas, road, wharves and docks, bridges and sewage lines.
2. For purposes of this questionnaire, tangible personal property means any tangible property except real property. For example, tangible personal property includes machinery that is not a structural component of a building, school buses, automobiles, office equipment, testing equipment and furnishings.
3. See description of real property in endnote 1. This includes all capital expenditures that are properly chargeable to or may be capitalized as part of the basis of the real property prior to the date the property is placed in service. For purposes of this questionnaire, expenditures are considered paid in connection with the construction, reconstruction or rehabilitation of real property if the contract between the Issuer and the seller requires the seller to build or install the property (such as under a "turnkey contract") but only to the extent the property has not been built or installed at the time the parties enter into the contract. If the property has been partially built or installed at the time the parties enter into the contract, the expenditures that are allocable to the portion of the property built or installed before that time are expenditures for the acquisition of real property.
4. See endnote 3.
5. See endnote 3.
6. For purposes of this questionnaire, expenditures are in connection with the construction of tangible personal property, as defined in endnote 2, if:

(a) A substantial portion of the property or properties is completed more than 6 months after the earlier of the date construction or rehabilitation commenced and the date the Issuer entered into an acquisition contract;

(b) Based on the reasonable expectations of the Issuer, if any, or representations of the person constructing the property, with the exercise of due diligence, completion of construction or rehabilitation (and delivery to the Issuer) could not have occurred within that 6-month period; and

(c) If the Issuer itself builds or rehabilitates the property, not more than 75% of the capitalizable cost is attributable to property acquired by the Issuer (e.g., components, raw materials and other supplies).

7. Specially developed computer software means any programs or routines used to cause a computer to perform a desired task or set of tasks, and the documentation required to describe and maintain those programs, provided that the software is specially developed and is functionally related and subordinate to real property or other constructed personal property.
8. Include amounts expended prior to November 9, 2006 **and approved by your bond counsel** for reimbursement from your bond proceeds. This does not include any amount used to refinance or repay any loan.
9. Total should equal the amount in 4(1).
10. Include amounts expended prior to November 9, 2006 **and approved by your bond counsel** for reimbursement from your bond proceeds. This does not include any amount used to refinance or repay any loan.

APPENDIX E
to the Bond Sale Agreement

CONTINUING DISCLOSURE AGREEMENT

[This Continuing Disclosure Agreement will impose obligations on the
Local Issuer if and only if the Local Issuer is or has become and
remains a "Material Obligated Person", as defined below]

This Continuing Disclosure Agreement (the "Disclosure Agreement") is executed and delivered by the undersigned local issuer (the "Local Issuer") in connection with the issuance by the Virginia Public School Authority (the "Authority") of \$_____ aggregate principal amount of its School Financing Bonds (1997 Resolution) Series 2006 B (the "Series 2006 B Bonds") pursuant to the provisions of a bond resolution (the "1997 Resolution") adopted on October 23, 1997, as amended and restated. The Series 2006 B Bonds and all other parity bonds heretofore and hereafter issued under the 1997 Resolution are collectively called the "Bonds". A portion of the proceeds of the Series 2006 B Bonds are being used by the Authority to purchase certain general obligation school bonds ("Local School Bonds") of the Local Issuer pursuant to a bond sale agreement between the Authority and the Local Issuer (the "Bond Sale Agreement"). Pursuant to paragraph 3 of the Bond Sale Agreement, the Local Issuer hereby covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Local Issuer for the benefit of the holders of the Series 2006 B Bonds and in order to assist the Participating Underwriters (defined below) in complying with the Rule (defined below). The Local Issuer acknowledges that it is undertaking primary responsibility for any reports, notices or disclosures that may be required under this Agreement.

SECTION 2. Definitions. In addition to the definitions set forth in the 1997 Resolution, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Local Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"bond sale agreement" shall mean the Bond Sale Agreement and any other comparable written commitment of the Local Issuer to sell local school bonds to the Authority.

"Dissemination Agent" shall mean the Local Issuer, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by such Local Issuer and which has filed with such Local Issuer a written acceptance of such designation.

"Filing Date" shall have the meaning given to such term in Section 3(a) hereof.

"Fiscal Year" shall mean the twelve-month period at the end of which financial position

and results of operations are determined. Currently, the Local Issuer's Fiscal Year begins July 1 and continues through June 30 of the next calendar year.

"holder" shall mean, for purposes of this Disclosure Agreement, any person who is a record owner or beneficial owner of a Series 2006 B Bond.

"Listed Events" shall mean any of the events listed in subsection 5(b)(5)(i)(C) of the Rule.

"local school bonds" shall mean any of the Local School Bonds and any other bonds of the Local Issuer pledged as security for Bonds issued under the Authority's 1997 Resolution.

"Material Obligated Person" (or "MOP") shall mean the Local Issuer if it has local school bonds outstanding in an aggregate principal amount that exceeds 10% of the aggregate principal amount of all outstanding Bonds of the Authority.

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule.

"Participating Underwriter" shall mean any of the original underwriters of the Authority's Series 2006 B Bonds required to comply with the Rule in connection with the offering of such Bonds.

"Repository" shall mean each National Repository and each State Repository.

"Rule" shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State Repository" shall mean any public or private depository or entity designated by the State as a state depository for the purpose of the Rule. As of the date of this Agreement, there is no State Repository.

SECTION 3. Provision of Annual Reports.

(a) The Local Issuer shall, or shall cause the Dissemination Agent to, provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. Such Annual Report shall be filed on a date (the "Filing Date") that is not later than 12 months after the end of any Fiscal Year (commencing with its Fiscal Year ended June 30, 2006) as of the end of which such Local Issuer was a MOP, unless as of the Filing Date the Local Issuer is no longer a MOP.¹ Not later than ten (10) days prior to the Filing Date, the Local Issuer shall provide the Annual Report to the Dissemination Agent (if applicable)

¹ The Authority will covenant in the Bond Sale Agreement to advise the Local Issuer within 60 days of the end of each Fiscal Year if such Local Issuer was a Material Obligated Person as of the end of such Fiscal Year. Upon written request, the Authority will also advise the Local Issuer as to its status as a MOP as of any other date.

and shall provide copies to the Authority. In each case, the Annual Report (i) may be submitted as a single document or as separate documents comprising a package, (ii) may cross-reference other information as provided in Section 4 of this Disclosure Agreement and (iii) shall include the Local Issuer's audited financial statements prepared in accordance with applicable State law or, if audited financial statements are not available, such unaudited financial statements as may be required by the Rule. In any event, audited financial statements of such Local Issuer must be submitted, if and when available, together with or separately from the Annual Report.

(b) If the Local Issuer is unable to provide an Annual Report to the Repositories by the date required in subsection (a), the Local Issuer shall send a notice to the Municipal Securities Rulemaking Board and any State Repository in substantially the form attached hereto as Exhibit A.

SECTION 4. Content of Annual Reports. Except as otherwise agreed, any Annual Report required to be filed hereunder shall contain or incorporate by reference, at a minimum, annual financial information relating to the Local Issuer, including operating data,

- (i) updating such information relating to the Local Issuer as shall have been included or cross-referenced in the final Official Statement of the Authority describing the Authority's Series 2006 B Bonds or
- (ii) if there is no such information described in clause (i), updating such information relating to the Local Issuer as shall have been included or cross-referenced in any comparable disclosure document of the Local Issuer relating to its tax-supported obligations or
- (iii) if there is no such information described in clause (i) or (ii) above, initially setting forth and then updating the information referred to in Exhibit B as it relates to the Local Issuer, all with a view toward assisting Participating Underwriters in complying with the Rule.

Any or all of such information may be incorporated by reference from other documents, including official statements of securities issues with respect to which the Local Issuer is an "obligated person" (within the meaning of the Rule), which have been filed with each of the Repositories or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Local Issuer shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Listed Events. Whenever the Local Issuer is a Material Obligated Person required to file Annual Reports pursuant to Section 3(a) hereof and obtains knowledge of the occurrence of a Listed Event, and if such Local Issuer has determined that knowledge of the occurrence of a Listed Event with respect to its local school bonds would be material, such Local Issuer shall promptly file a notice of such occurrence with each National Repository or the Municipal Securities Rulemaking Board and each State Repository, if any, with a copy to the Authority.

SECTION 6. Alternative Filing. The Local Issuer may, in lieu of filing with the Repositories and each State Repository the Annual Reports and other notices referred to in Sections 3(a), 3(b) and 5 hereof, make such filings with DisclosureUSA, the central post office of the Municipal Advisory Council of Texas.

SECTION 7. Termination of Reporting Obligation. The Local Issuer's obligations under this Disclosure Agreement shall terminate upon the earlier to occur of the legal defeasance or final retirement of all the Local School Bonds.

SECTION 8. Dissemination Agent. The Local Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Local Issuer shall advise the Authority of any such appointment or discharge. If at any time there is not any other designated Dissemination Agent, the Local Issuer shall be the Dissemination Agent.

SECTION 9. Amendment. Notwithstanding any other provision of this Disclosure Agreement, the Local Issuer may amend this Disclosure Agreement, if such amendment has been approved in writing by the Authority and is supported by an opinion of independent counsel, acceptable to the Authority, with expertise in federal securities laws, to the effect that such amendment is permitted or required by the Rule.

SECTION 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Local Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Local Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Agreement, such Local Issuer shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. Default. Any person referred to in Section 12 (other than the Local Issuer) may take such action as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Local Issuer to file its Annual Report or to give notice of a Listed Event. The Authority may, and the holders of not less than a majority in aggregate principal amount of Bonds outstanding may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to challenge the adequacy of any information provided pursuant to this Disclosure Agreement, or to enforce any other obligation of the Local Issuer hereunder. A default under this Disclosure Agreement shall not be deemed an event of default under the applicable resolution or bonds of the Local Issuer, and the sole remedy under this Disclosure Agreement in the event of any failure of the Local Issuer to comply herewith shall be an action to compel performance. Nothing in this provision shall be deemed to restrict the rights or remedies of any holder pursuant to the Securities Exchange Act of 1934, the rules and regulations promulgated thereunder, or other applicable laws.

SECTION 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Authority, the Local Issuer, the Participating Underwriters, and holders from time to time of the Authority's Bonds, and shall create no rights in any other person or entity.

SECTION 13. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Date: November 9, 2006

CITY OF ROANOKE, VIRGINIA

By _____
Darlene L. Burcham
City Manager

EXHIBIT A

**NOTICE OF FAILURE TO FILE ANNUAL REPORT
[AUDITED FINANCIAL STATEMENTS]**

**Re: VIRGINIA PUBLIC SCHOOL AUTHORITY
SCHOOL FINANCING BONDS (1997 Resolution)
SERIES 2006 B**

CUSIP Numbers:

Dated: November 1, 2006

Name of Local Issuer: City of Roanoke, Virginia

NOTICE IS HEREBY GIVEN that the [Local Issuer] has not provided an Annual Report as required by Section 3(a) of the Continuing Disclosure Agreement, which was entered into in connection with the above-named bonds issued pursuant to that certain Series Resolution adopted on [September 6, 2006], by the Board of Commissioners of the Virginia Public School Authority, the proceeds of which were used to purchase \$_____ [School Bonds] of the [Local Issuer]. [The Local Issuer anticipates that the Annual Report will be filed by _____.] The Local Issuer is a material "obligated person" within the meaning of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended, with respect to the above-named bonds of the Authority.

Dated: _____

[LOCAL ISSUER]

By _____

EXHIBIT B

CONTENT OF ANNUAL REPORT

Description of the Local Issuer. A description of the Local Issuer including a summary of its form of government, budgetary processes and its management and officers.

Debt. A description of the terms of the Local Issuer's outstanding tax-supported and other debt including a historical summary of outstanding tax-supported debt; a summary of authorized but unissued tax-supported debt; a summary of legal debt margin; a summary of overlapping debt; and a summary of annual debt service on outstanding tax-supported debt as of the end of the preceding fiscal year. The Annual Report should also include (to the extent not shown in the latest audited financial statements) a description of contingent obligations as well as pension plans administered by the Local Issuer and any unfunded pension liabilities.

Financial Data. Financial information respecting the Local Issuer including a description of revenues and expenditures for its major funds and a summary of its tax policy, structure and collections as of the end of the preceding fiscal year.

Capital Improvement Plan. A summary of the Local Issuer's capital improvement plan.

Demographic, Economic and Supplemental Information. A summary of the Local Issuer's demographic and economic characteristics such as population, income, employment, and public school enrollment and infrastructure data as of the end of the preceding fiscal year. The Annual Report should also include a description of material litigation pending against the Local Issuer.

PROCEEDS AGREEMENT

Respecting the Custody, Investment, and
Disbursement of Proceeds of Local School
Bonds Purchased by the Virginia Public School
Authority with the Proceeds of Its \$[2006 B PAR AMOUNT]
School Financing Bonds (1997 Resolution)
Series 2006 B

Dated November 9, 2006

Among

Virginia Public School Authority
Wachovia Bank, N.A.
PFM Asset Management LLC

and

[2006 B Local Issuers]

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PROCEEDS AGREEMENT
Respecting the Custody, Investment, and
Disbursement of Proceeds of Local School
Bonds Purchased by the Virginia Public School
Authority with the Proceeds of Its \$[2006 B PAR AMOUNT]
School Financing Bonds (1997 Resolution)
Series 2006 B

This **PROCEEDS AGREEMENT**, dated November 9, 2006 (this “Agreement”), is among the **Virginia Public School Authority**, a public body corporate and instrumentality of the Commonwealth of Virginia (“VPSA”), the _____ () **counties** and _____ () **cities** that are signatories to this Agreement (collectively, the “Local Units”, and each a “Local Unit”), **Wachovia Bank, N.A.**, a banking institution organized under the laws of the United States of America and having an office in Richmond, Virginia, and **PFM Asset Management LLC**, a corporation organized under the laws of Delaware and having an office in Harrisburg, Pennsylvania. All capitalized terms used herein shall have the meaning given to them in Section 2 hereof.

The parties hereto agree and covenant as follows:

Section 1. Recitals.

A. On or before October 11, 2006, VPSA and each of the Local Units entered into a Bond Sale Agreement, pursuant to which VPSA agreed to purchase, and the Local Unit agreed to sell its Local School Bonds.

B. On October 11, 2006, VPSA’s Bonds were awarded at competitive bidding to the Purchaser. The Purchaser is obligated by the terms of its bid to pay the purchase price for the VPSA’s Bonds on the Closing Date. VPSA will apply certain of the proceeds of the sale of VPSA’s Bonds to the purchase of the Local School Bonds on November 9, 2006, the Local School Bonds Closing Date. VPSA will also apply certain of the proceeds of the sale of VPSA’s

Bonds, together with other available funds, to pay accrued interest on and certain costs of issuance of the VPSA Bonds.

C. The Code imposes requirements on VPSA and the Local Units selling their Local School Bonds to VPSA that must be met if interest on VPSA's Bonds and interest on the Local School Bonds are to be excludable from gross income for federal income tax purposes, including a requirement that in certain circumstances, certain investment income with respect to the Local School Bonds, which income is deemed for federal income tax purposes to be investment income of VPSA's Bonds, be subject to payment, or in lieu thereof certain payments be made, to the United States Treasury.

D. VPSA has determined that in order to fulfill its representations respecting the maintenance of the exclusion of the interest on VPSA's Bonds from gross income for federal income tax purposes, VPSA must establish a mechanism to provide accountability for the custody, investment and disbursement of the proceeds of VPSA's Bonds and the proceeds of the Local School Bonds.

E. It is the purpose of this Agreement to enable VPSA (i) to fulfill the representations mentioned in the preceding subsection; (ii) subject to the constraints of the Code affecting the investment of the proceeds of tax-exempt obligations, to achieve the optimum, practicable income by the professional management of the investment and reinvestment of the proceeds of the Local School Bonds; (iii) to provide for the custody, investment and disbursement of the proceeds of the Local School Bonds, and for the maintenance of appropriate records thereof; (iv) to meet the rebate requirement imposed by Section 148(f) of the Code, in part through the payment of either the Local Unit Rebate Requirement by each of the Local Units or the Penalty if the Penalty Election has been made on behalf of a Local Unit; and (v) to provide

for the allocation and payment of the costs associated with the establishment and maintenance of this Agreement.

F. The purposes set forth in the preceding subsection E shall be accomplished through SNAP. The proceeds of the Local School Bonds shall be invested in accordance with the Information Statement.

Any statements of facts contained in these recitals pertaining to the sale of the VPSA's Bonds and the application of such proceeds, other than the purchase of the Local School Bonds, will not be deemed to be made by the Local Units except to the extent they have knowledge of such facts.

Section 2. Definitions.

In addition to the words and terms elsewhere defined in this Proceeds Agreement including the Exhibits attached hereto, the following words and terms shall have the following meanings:

"Aggregate Local Units Rebate Requirement" shall be the amount calculated pursuant to the Letter Agreement.

"Agreement" or "Proceeds Agreement" shall mean the Proceeds Agreement, dated November 9, 2006, among the Authority, the Local Units, the Depository and the Investment Manager.

"Authorized Representative" shall mean, as applied to VPSA, the Depository, the Investment Manager and the Local Units, the person or each of the persons thereby designated, from time to time, in accordance with and as listed on the page of this Agreement executed by such party.

"Available Construction Proceeds" shall mean, as applied to each Local Unit, the sum of (i) the amount initially deposited to the Principal Account of such Local Unit pursuant to

Section 5 hereof, and (ii) the investment earnings thereon, reduced by the amount of issuance costs financed by such Local Unit's Local School Bonds. In the event that the Local Unit has made the Bifurcation Election on its signature page, "Available Construction Proceeds" shall mean the sum of the amount set forth on the signature page as the portion of the issue used for construction and the investment earnings thereon, reduced by the amount set forth on the signature page as allocable to issuance expenses.

"Bifurcation Election", with respect to each issue of Local School Bonds, shall mean the election made by the Local Unit to treat a portion of its Local School Bonds used for construction as a separate issue pursuant to Section 148(f)(4)(C)(v) of the Code.

"Bond Sale Agreements" shall refer to the respective Bond Sale Agreements, dated as of September 27, 2006, between VPSA and each Local Issuer.

"Capital Expenditure" shall mean any cost of a type that is properly chargeable to a capital account (or would be so chargeable with a proper election) under general federal income tax principles as determined at the time the expenditure is paid with respect to the property.

"Capital Project" shall mean all Capital Expenditures, plus related working capital expenditures to which the *de minimis* exception provided by Section 1.148-6(d)(3)(ii)(A) of the Treasury Regulations to the proceeds-spent-last rule applies, that carry out the governmental purpose of the Local School Bond issue.

"Closing Date" shall mean, with respect to the VPSA Bonds, the date of delivery by VPSA of such Bonds to the Purchaser. The Closing Date is scheduled to be November 9, 2006.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

“Computation Date” shall mean each of the Installment Computation Dates, Local Unit Computation Date, and the Final Computation Date.

“Contract” shall mean the Contract respecting the Virginia State Non-Arbitrage Program, between the Treasury Board of the Commonwealth of Virginia and the Investment Manager, including the Depository Agreement appearing as Appendix A thereto.

“Depository” shall mean Wachovia Bank, N.A., a banking institution organized under the laws of the United States of America and having an office in Richmond, Virginia and its future successors and assigns under the Depository Agreement.

“Depository Agreement” shall mean the Depository Agreement appearing as Exhibit A to the Contract.

“Eighteen-Month Exception” shall mean the exception to the Rebate Requirement provided by Treasury Regulation Section 1.148-7(d).

“Final Computation Date” shall mean the date the last bond that is part of the issue of VPSA’s Bonds is discharged.

“Gross Proceeds” shall have the meaning given to such term in the Letter Agreement.

“Income Subaccount” shall mean the Income Subaccount established pursuant to Section 4 of this Proceeds Agreement for each Local Unit.

“Income Subaccount Set Aside” shall have the meaning given to such term by Section 9(b) of this Agreement.

“Individual Portfolio” shall have the meaning given to such term in the Information Statement.

“Information Statement” shall mean the current Information Statement describing SNAP, as the same may be supplemented and amended.

“Installment Computation Dates” shall mean November 9, 2011, and each fifth (5th) anniversary date thereafter.

“Investment Manager” shall mean the investment manager of SNAP and its successors and assigns, on the Closing Date being PFM Asset Management LLC, a corporation organized under the laws of Delaware and having an office in Harrisburg, Pennsylvania.

“Investment Report” shall have the meaning given to such term in Part A of the Letter Agreement.

“Letter Agreement” shall mean the Letter Agreement, dated the date hereof, attached to this Agreement as Exhibit C.

“Local School Bonds” shall mean general obligation school bonds of a Local Unit having the terms and provisions required by the Bond Sale Agreement.

“Local School Bonds Closing Date” shall mean the Closing Date, except as otherwise provided on the page of this Agreement executed by a Local Unit; provided, however, the Local School Bonds Closing Date with respect to an issue of Local School Bonds shall not be deemed to have occurred until the related Local Unit shall have delivered the Local School Bonds to VPSA and otherwise complied with the terms of its Bond Sale Agreement.

“Local Unit” or “Local Units” shall have the meaning accorded to such term by the first paragraph of this Agreement.

“Local Unit Computation Date” shall mean the date selected by a Local Unit as the date as of which the Rebate Requirement with respect to its issue of Local School Bonds shall be computed. Such date shall not be earlier than the date on which such Local Unit anticipates that all of the proceeds of such issue of Local School Bonds, including any amounts set aside in the Income Subaccount for the payment of the Rebate Requirement, shall be expended.

“Local Unit Rebate Computation”, with respect to each issue of Local School Bonds, shall mean a Rebate Computation for each Local Unit made on each Computation Date pursuant to Section 11 of this Proceeds Agreement.

“Local Unit’s Rebate Requirement”, with respect to each issue of Local School Bonds, shall mean the amount payable to the United States Treasury calculated pursuant to the Letter Agreement.

“Penalty” shall mean the amount that must be paid to the United States Treasury pursuant to the Penalty Election.

“Penalty Election”, with respect to each issue of Local School Bonds, shall mean the election made by the Local Unit to pay a penalty in lieu of rebate pursuant to Section 148(f)(4)(C)(vii) of the Code.

“Principal Subaccount” shall mean the Principal Subaccount established pursuant to Section 4 of this Proceeds Agreement for each Local Unit.

“Proceeds Account” shall mean, with respect to each Local Unit, its account established under Section 4 of this Proceeds Agreement.

“Purchaser” shall mean [2006 B PURCHASER], the bidder offering to pay the lowest true interest cost of the VPSA’s Bonds and to which VPSA awarded the VPSA’s Bonds at a competitive sale.

“Rebate Calculation Agent” shall have the meaning given to such term in the Letter Agreement.

“Rebate Computation” shall mean the computation, as of a Computation Date, of the Local Unit Rebate Requirement to such Computation Date. The amount so computed may be a positive or a negative number.

“Rebate Exceptions” shall mean the Spending Exceptions and the Small-Issuer Exception, collectively.

“Rebate Report” shall mean the Local Unit Rebate Computations.

“Rebate Requirement” shall mean the rebate requirement imposed by Sections 148(f)(2) and (3) of the Code.

“Six-Month Exception” shall mean the exception to the Rebate Requirement provided by Section 148(f)(4)(B) of the Code.

“Small-Issuer Exception” shall mean the exception to the Rebate Requirement provided by Section 148(f)(4)(D) of the Code.

“SNAP” shall mean the State Non-Arbitrage Program established pursuant to Article 7.1, Chapter 14, Title 2.1, Code of Virginia, as amended.

“SNAP Documents” shall mean the Information Statement and the Contract.

“Spending Exceptions” shall mean the Six-Month Exception, the Eighteen-Month Exception and the Two-Year Exception, collectively.

“Tax Exempt Bond” shall mean a bond the interest on which is excludable from gross income under Section 103(a) of the Code and is not a specified private activity bonds as defined in Section 57(a)(5)(C) of the Code.

“Two-Year Exception” shall mean the exception to the Rebate Requirement provided by Section 148(f)(4)(C) of the Code.

“VPSA” shall mean the Virginia Public School Authority, a public body corporate and instrumentality of the Commonwealth of Virginia.

“VPSA’s Bond Yield” shall mean the Yield on VPSA’s Bonds as set forth in the Letter Agreement. As provided in Treasury Regulation Section 1.148-4(a), the yield on each

issue of Local School Bonds of a Local Unit the interest on which is excluded from gross income shall equal the VPSA's Bond Yield.

"VPSA's Bonds" shall mean the \$[2006 B PAR AMOUNT] aggregate principal amount of VPSA's School Financing Bonds (1997 Resolution) Series 2006 B.

"Withdrawal Date" shall mean the date as of which an interim Rebate Calculation is made pursuant to Section 9 of this Proceeds Agreement.

"Yield" shall have the meaning accorded to such term by the Letter Agreement.

"Yield Reduction Payment" shall have the same meaning given to such term by Section 13 of this Proceeds Agreement.

"Yield Restriction Requirement" shall have the same meaning given to such term by Section 13 of the Proceeds Agreement.

Section 3. Disposition of VPSA Bond Proceeds.

A. Prior to the Closing Date, each Local Unit will complete and submit, to the Investment Manager, the program registration form and the SNAP account registration form annexed to the Information Statement.

B. On the Closing Date, VPSA will transfer to the Depository for deposit in SNAP, in immediately available funds, an amount equal to the aggregate purchase price of all of the Local School Bonds (\$[2006 B PURCHASE PRICE]).

C. Each Local Unit hereby agrees to adhere strictly to the prescribed and recommended procedures described in the Information Statement. Each Local Unit hereby further agrees that it will not deviate from or request an exception to such procedures without first obtaining the prior written approval of VPSA. In the event of a conflict between the provisions of this Agreement and the Information Statement, the provisions of this Agreement shall control.

Section 4. Establishment of Accounts.

(a) Except as provided in Section 4(b) below, the Investment Manager will establish on its books for each Local Unit one (1) account and two (2) subaccounts therein as follows:

VP SA-(Name of Local Unit) Proceeds Account – Series 2006 B Issue

Principal Subaccount

Income Subaccount

(b) The Investment Manager shall establish on its books for each of [2006 B SUBSIDY & NON-SUBSIDY ISSUERS] within the one (1) Proceeds Account for each such Local Unit, two (2) subaccounts therein, and two (2) subaccounts within each subaccount as follows:

VP SA-(Name of Local Unit) Proceeds Account - Series 2006 B Issue

Non Subsidy Subaccount

Subsidy Subaccount

Principal Subaccount

Principal Subaccount

Income Subaccount

Income Subaccount

The amounts in the Principal Subaccounts and Income Subaccounts of each of these Local Units shall be combined for purposes of this Agreement. Requisitions from [2006 B SUBSIDY & NON-SUBSIDY ISSUERS] shall specify the Subaccount from which moneys are being requisitioned.

If a Local Unit has elected to treat a portion of its Local School Bonds issue used for construction as a separate issue as set forth on its signature page, the Investment Manager shall maintain such records as necessary to determine the portion of the Principal Subaccount and Income Subaccount of such Local Unit allocable to the construction issue and the non-construction issue.

Section 5. Disposition of Local School Bond Proceeds.

A. The Investment Manager shall allocate the proceeds of the Local School Bonds on the Local School Bonds Closing Date(s) to the Local Unit(s), dollar for dollar, in accordance with the respective purchase prices of their Local School Bonds set forth in Exhibit A to this Agreement. There is no accrued interest on the Local School Bonds. Except as provided in Section 5(B) – () below, the proceeds of VPSA's Bonds allocated to each Local Unit shall be credited to the Principal Subaccount of the Local Unit in the amounts set forth in Exhibit A with respect to the Subsidy Local School Bonds and/or the Non-Subsidy Local School Bonds, as the case may be.

B. [INSERT INFORMATION CONCERNING 2006 B LOCAL ISSUERS REDEEMING INTERIM FINANCINGS].

Section 6. Investment of Principal Subaccount.

The Investment Manager shall invest and reinvest moneys to the credit of the Principal Subaccount of each Local Unit for the benefit of such Local Unit in accordance with the provisions of the Information Statement and Section 18 of this Agreement. The Investment Manager shall credit to the Local Unit's Income Subaccount all income and profits from the investment and reinvestment of moneys to the credit of its respective Principal Subaccount.

Section 7. Disbursements from Principal Subaccount.

Beginning on its Local School Bonds Closing Date, each Local Unit may at any time withdraw all or any portion of the proceeds of its Local School Bonds credited to its Principal Subaccount (including amounts transferred to the credit of the Principal Subaccount from the Income Subaccount pursuant to Section 9), in accordance with the Information Statement and, in the case of a reimbursement to the Local Unit, by filing with the Investment Manager a requisition or requisitions therefor in the form of Exhibit B to this Agreement signed

by an Authorized Representative of the Local Unit. Notwithstanding anything to the contrary in the Information Statement, the Investment Manager agrees that, in the case of a reimbursement to the Local Unit, it shall not disburse any money from the Principal Subaccount unless and until it has received such requisition from the Local Unit.

Section 8. Investment of Income Subaccount.

The Investment Manager shall invest and reinvest moneys to the credit of the Income Subaccount of each Local Unit for the benefit of such Local Unit in accordance with the provisions of the Information Statement and Section 18 of this Agreement. The Investment Manager shall credit to the Local Unit's Income Subaccount all income and profits from the investment and reinvestment of moneys to the credit thereof.

Section 9. Income Subaccount.

A. The Investment Manager will notify a Local Unit and VPSA when the balance to the credit of the Principal Subaccount of such Local Unit shall have been reduced to zero (\$0). Such Local Unit may then withdraw from its Income Subaccount an amount not in excess of the amount then to the credit of its Income Subaccount if the Local Unit qualifies for any one of the Rebate Exceptions or if such withdrawal is necessary to qualify for one of the Spending Exceptions.

1. In order to qualify for the Small-Issuer Exception, the Local Unit must deliver to VPSA and the Investment Manager no later than the end of calendar year 2006 (a) a letter from, or opinion of, nationally recognized bond counsel that the Local School Bonds of such Local Unit purchased by VPSA with the proceeds of the VPSA's Bonds will be treated as meeting the requirements of Code Sections 148(f)(2) and (3), pursuant to Code Section 148(f)(4)(D); and (b) the Local Unit's covenant that it shall provide for the payment or reimburse VPSA for its payment of the Local Unit's Rebate Requirement

in the event that the Local School Bonds of such Local Unit fail to meet all of the requirements of the Small Issuer Exception.

2. In order to determine if a Local Unit qualifies for either the Six-Month Exception or the Eighteen-Month Exception, the Investment Manager shall advise each Local Unit and VPSA of the amount that has been disbursed from the Principal Subaccount and the Income Subaccount of such Local Unit (a) six (6) months from the Local School Bonds Closing Date, (b) twelve (12) months from the Local School Bonds Closing Date, and (c) eighteen (18) months from the Local School Bonds Closing Date. To facilitate such determination, each Local Unit shall set forth on the signature page for such Local Unit the amount of investment proceeds that such Local Unit reasonably expects as of the Local School Bonds Closing Date to earn.

3. In order to determine if a Local Unit qualifies for the Two-Year Exception, the Investment Manager shall advise each Local Unit and VPSA, of the amount of Available Construction Proceeds that has been disbursed from the Principal Subaccount and the Income Subaccount of such Local Unit (a) six (6) months from the Local School Bonds Closing Date, (b) twelve (12) months from the Local School Bonds Closing Date, (c) eighteen (18) months from the Local School Bonds Closing Date, and (d) twenty-four (24) months from the Local School Bonds Closing Date. To facilitate such determination, each Local Unit shall set forth on the signature page for such Local Unit the amount of investment proceeds that such Local Unit reasonably expects as of the Local School Bonds Closing Date to earn and the elections that it requests VPSA to make on its behalf. Furthermore, such Local Unit shall set forth in a certificate delivered to VPSA on the Local School Bonds Closing Date such facts and circumstances as necessary to show that it reasonably expects to qualify for the Two-Year Exception.

4. The portion of the proceeds of the VPSA Bonds applied to purchase the [INSERT INELIGIBLE LOCAL INTERIM FINANCINGS] do not qualify for the Eighteen Month Exception or Two Year Exception.

B. Except to the extent that a Penalty Election has been made on behalf of a Local Unit, if the Local Unit fails to qualify for one of the Spending Exceptions, or is otherwise subject to the Rebate Requirement, then prior to a withdrawal from its Income Subaccount and upon receipt of such notification, the Local Unit shall promptly request, pursuant to the terms of the Information Statement, an interim Rebate Computation for the next Computation Date with respect to such Local Unit or an estimate of such Local Unit's Rebate Requirement for purposes of determining what amount, if any, to the credit of the Income Subaccount may be subject to rebate. Any estimate of the Local Unit's Rebate Requirement made by the Investment Manager shall also be provided to VPSA in writing. Notwithstanding anything to the contrary in the Information Statement, no disbursement will be made from the Income Subaccount until the aforementioned calculation shall have been made. The amount to the credit of the Income Subaccount that may be subject to rebate is the Income Subaccount Set Aside. On the Withdrawal Date, the Investment Manager shall (i) reserve, in the Income Subaccount, the amount of the "Income Subaccount Set Aside" until the next Rebate Computation required by Section 11 shall have been made and (ii) credit the remaining balance to the credit of the Income Subaccount to the credit of the Local Unit's Principal Subaccount.

Section 10. Investment Losses.

The Investment Manager shall charge any loss realized from the investment or reinvestment of moneys to the credit of the Income Subaccount and the Principal Subaccount of a Local Unit as follows:

1. losses on moneys to the credit of the Principal Subaccount shall be charged thereto; and

2. losses on moneys to the credit of the Income Subaccount shall be charged first to the Principal Subaccount and then to the Income Subaccount.

Section 11. Rebate Computations.

On or before each Computation Date, VPSA will prepare, or cause to be prepared, in accordance with the provisions of the Letter Agreement the Local Unit Rebate Computations. The Local Unit Rebate Computation for each Local Unit shall be made on the basis of the Investment Reports maintained by the Investment Manager for each Proceeds Account. With respect to the amounts on deposit in the [2006 B TRANSFERRED PROCEEDS ACCOUNTS], such amounts will only be taken into account for purposes of the Local Unit Rebate Computations for the respective Local Units only if the [2006 B INTERIM FINANCINGS WITH TRANSFERRED PROCEEDS] respectively, do not qualify for one of the Spending Exceptions or fail to meet all of the requirements of the Small Issuer Exception.

As set forth in the Letter Agreement, the Local Unit Rebate Requirement shall be calculated separately for each Local Unit. If it is determined, however, that the Local Unit Rebate Requirement is required to be calculated in the aggregate, the Local Unit Rebate Requirement for each Local Unit shall be equal to a percentage of the Aggregate Local Units Rebate Requirement determined by multiplying the Aggregate Local Units Rebate Requirement by a fraction, the numerator of which is the positive Local Unit Rebate Requirement calculated separately and the denominator of which is the sum of all of the positive Local Unit Rebate Requirements calculated separately.

If any provision of this Agreement shall become inconsistent with any regulation or regulations promulgated under Section 148(f) of the Code subsequent to the date hereof,

VPSA hereby agrees and covenants to prepare, or cause to be prepared, as soon as practicable, a Local Unit Rebate Computation for each Local Unit, in compliance with such regulation or regulations, and VPSA, the Investment Manager and each of the Local Units hereby further agree and covenant immediately to make any and all transfers and payments required by Sections 12 and 14 of this Agreement from any moneys on deposit in the Income Subaccount and any other moneys of the Local Unit legally available for such purpose.

Section 12. Transfers to Income Subaccount.

Upon receipt by a Local Unit of the Rebate Report from VPSA, if the amount on deposit in the Local Unit's Income Subaccount (including the Income Subaccount Set Aside) is less than the sum of the Local Unit Rebate Requirement and Yield Reduction Payment of such Local Unit, the Investment Manager shall promptly charge the Principal Subaccount of such Local Unit an amount equal to the deficiency and credit its Income Subaccount such amount.

To the extent that the amount on deposit in the Principal Subaccount is insufficient to remedy the deficiency, the Investment Manager shall advise VPSA and such Local Unit of the amount of the remaining deficiency, and, to the extent permitted by law, the Local Unit agrees to transfer promptly to the Depository, from any funds that are or may be made legally available for such purpose, the amount equal the remaining deficiency.

To the extent that the amount on deposit in the Income Subaccount exceeds the sum of the Local Unit Rebate Requirement and Yield Reduction Payment for the Local Unit, such excess shall be transferred to the Principal Subaccount of the Local Unit.

Section 13. Disposition of Excess Proceeds, Yield Restriction and Yield Reduction Payments.

A. When a Local Unit shall certify to VPSA and the Investment Manager that there are balances to the credit of the Local Unit's Principal Subaccount or Income Subaccount

that will not be used for Capital Projects, such amount shall be retained in the Proceeds Account and, to the extent such amount is not required to be deposited to the Income Subaccount pursuant to Section 12, VPSA will, except as provided in the last sentence of this Section 13A, direct the Depository to apply such amount to redeem such Local Unit's Local School Bonds on the earliest possible date that such Bonds may be called without a penalty or premium. Notwithstanding the foregoing, when a Local Unit shall certify to VPSA and the Investment Manager that it has made an election under Section 148(f)(4)(C)(viii) or (ix) of the Code to terminate the Penalty Election, and that, pursuant to Code Section 148(f)(4)(C)(viii)(III) of such termination election, such Local Unit indicates the amount of Available Construction Proceeds to be applied to the redemption of its Local School Bonds and the date of such redemption, VPSA will direct the Investment Manager and the Depository to apply such amount toward the redemption of such Local Unit's Local School Bonds on the date indicated.

B. If a Local Unit has any balance remaining in either its Principal Subaccount or Income Subaccount on November 9, 2009, such amount shall not be invested at a Yield in excess of the VPSA's Bond Yield (the "Yield Restriction Requirement"). Except as provided in Section 13C below, any balances remaining on deposit in either the Principal Subaccount or Income Subaccount of any Local Unit on November 9, 2009 will be invested by the Investment Manager in either an Individual Portfolio at a Yield not in excess of the VPSA's Bond Yield or Tax-Exempt Bonds in order to comply with the Yield Restriction Requirement.

C. If amounts on deposit in the Principal Subaccount or Income Subaccount of a Local Unit qualified for the temporary periods set forth under Treasury Regulation Section 1.148-2(e)(2) or Treasury Regulation Section 1.148-2(e)(6), such Local Unit may continue to invest such amounts in the SNAP Fund in accordance with the provisions of the Information Statement and may comply with the Yield Restriction Requirement by making yield reduction

payments pursuant to Treasury Regulation Section 1.148-5(c) (“Yield Reduction Payments”) to reduce the yield earned after November 9, 2009 on any investments in either its Principal Subaccount or Income Subaccount. On or before each Computation Date, VPSA will prepare, or cause to be prepared, the Yield Reduction Payment required to be made with respect to each Local Unit in order to comply with the Yield Restriction Requirement on the basis of the Investment Reports maintained by the Investment Manager for each Proceeds Account. Such Yield Reduction Payments must be made by the Local Unit at the same time and in the same manner as the Rebate Requirement is required to be paid.

Section 14. Rebate Payments and Penalty Payments, Yield Reduction Payments.

A. The Local Unit Rebate Requirement and Yield Reduction Payment of each Local Unit shall be paid to the United States Treasury at the direction of VPSA on behalf of and for the accounts of the Local Unit and VPSA in accordance with the Letter Agreement.

B. The payment of the Local Unit Rebate Requirement of each Local Unit shall be in partial satisfaction with respect to the VPSA’s Bonds, and total satisfaction with respect to the proceeds of the Local School Bonds on deposit in the Proceeds Account, of the requirements of Section 148(f) of the Code except to the extent that such issue of Local School Bonds may be treated as a composite issue under Treasury Regulation §1.150-1(c) with another issue of obligations.

C. Notwithstanding anything to the contrary herein, if VPSA has made the Penalty Election on behalf of a Local Unit and if such Local Unit fails to qualify for one of the Spending Exceptions, then, prior to any further disbursements from the Principal Subaccount or Income Subaccount, the Local Unit shall promptly request, pursuant to the terms of the Information Statement, a computation of the amount of the Penalty that must be paid to the United States Treasury pursuant to the Penalty Election.

If the amount on deposit in the Local Unit's Income Subaccount and Principal Subaccount is less than the amount of the Penalty due by such Local Unit, the Investment Manager shall advise VPSA and such Local Unit of the amount of the deficiency, and to the extent permitted by law, the Local Unit agrees to transfer promptly to the Depository, from any funds that are or may be made legally available for such purpose, the amount of the deficiency. The Penalty of each Local Unit shall be paid to the United States Treasury at the direction of VPSA on behalf of and for the accounts of the Local Units no later than ninety (90) days after the end of the spending period to which the Penalty relates.

Section 15. Duties of VPSA.

VPSA shall carry out its duties and responsibilities under this Agreement and may retain agents, independent contractors and others that it deems qualified to carry out any or all of such duties and responsibilities.

VPSA shall carry out, or cause to be carried out, all of its responsibilities under the Letter Agreement.

VPSA shall retain a copy of all Rebate Computations for at least six (6) years after the retirement of the last of VPSA's Bonds.

VPSA agrees that, except as provided in this Agreement, any rebate liability that VPSA may have on account of the investment and reinvestment of the Gross Proceeds of VPSA's bonds, including, by way of example and not of limitation, any rebate liability as a result of the investment of money credited to funds and accounts created under its bond resolutions or as a result of the advance refunding of its bonds, shall be the sole responsibility of VPSA and not any Local Unit.

Section 16. Duties of the Depository.

The Depository shall carry out its duties and responsibilities under the SNAP Documents and this Agreement.

Section 17. Duties of Local Units.

A. The Local Units will cooperate with VPSA, the Investment Manager and the Depository in order to ensure that the purposes of this Agreement are fulfilled. To that end, each Local Unit covenants and agrees that it will take any and all action and refrain from taking any and all action, as recommended by its bond counsel, to maintain the exclusion from gross income for federal income tax purposes of interest on its Local School Bonds to the same extent such interest was so excludable on the Closing Date.

B. If a Local Unit is required to restrict the Yield on its investments in order to comply with such covenant or to maintain the exclusion from gross income for federal income tax purposes of the interest on VPSA's Bonds, it shall timely notify the Investment Manager to restrict such Yield to the VPSA's Bond Yield. To the extent permitted by law, each Local Unit agrees to provide for the payment of any Yield Reduction Payment required to comply with the Yield Restriction Requirement, from any funds that are, or may be made legally available, for such purpose. Each Local Unit acknowledges that the payment of its Yield Reduction Payment is necessary to maintain the exclusion from gross income for federal income tax purposes of interest on its Local School Bonds as well as the VPSA's Bonds. Each Local Unit agrees to complete and to provide to VPSA such forms as VPSA may request for filing in connection with the payment of the Local Unit's Yield Reduction Payment.

C. Each Local Unit agrees not to charge its general fund or otherwise set aside or earmark funds with which to pay debt service on its Local School Bonds (other than as a budget item) prior to the date of payment thereof to VPSA.

D. Each Local Unit agrees to provide for the payment of its Local Unit Rebate Requirement and/or Penalty and acknowledges that the payment of its Local Unit Rebate Requirement and/or Penalty is necessary to maintain the exclusion from gross income for federal income tax purposes of interest on its Local School Bonds as well as the VPSA's Bonds. Each Local Unit agrees to complete and to provide to VPSA such forms as VPSA may request for filing in connection with the payment of the Local Unit Rebate Requirement and/or Penalty.

E. Each Local Unit hereby covenants and represents that neither the Local Unit nor any related party, as defined in Section 1.150-1(b) of the Treasury Regulations, to such Local Unit, pursuant to any arrangement, formal or informal, will purchase the VPSA's Bonds in an amount related to the amount of Local School Bonds to be acquired from such Local Unit by VPSA.

Section 18. Responsibilities of the Investment Manager.

The Investment Manager shall be the agent of, and serve at the expense of, the Local Units, to manage and direct the temporary investment and reinvestment of all moneys to the credit of the Proceeds Accounts pending their disbursement to the Local Units and to make such computations as required by this Agreement.

In general, the duties of the Investment Manager shall include those described in the SNAP Documents.

In particular, the Investment Manager will direct the investment and reinvestment of moneys to the credit of the Subaccounts of each Local Unit in accordance with the Information Statement, the Contract and this Agreement.

Section 19. Costs.

Costs of SNAP are payable as provided in the Information Statement. The difference in the interest rates between VPSA's Bonds and the Local School Bonds shall be

collected and retained by VPSA as partial payment of the administrative costs incurred by VPSA in connection with issuing, carrying, and repaying VPSA's Bonds, and the underwriting discount, if any, and the cost of purchasing, carrying, and selling or redeeming the Local School Bonds. VPSA will not charge any other fee to the Local Units for its services or seek reimbursement for its fees and expenses, including counsel fees, incurred in connection with the discharge of its duties and responsibilities under this Agreement.

Section 20. Opinions of Counsel.

On the Closing Date, VPSA and each Local Unit shall furnish an opinion of counsel addressed, in the case of counsel to VPSA, to all the Local Units, and in the case of counsel to the Local Units, to VPSA, to the effect that the obligations of its client under this Agreement are valid, binding and enforceable against such client in accordance with its terms.

Section 21. Amendment.

This Agreement may be amended only with the consent of all the affected parties; provided, however, that this Agreement shall be amended whenever, in the judgment of VPSA, based on an opinion of its counsel, such amendment is required in order to insure that interest on VPSA's Bonds shall remain *excludable from gross income for federal income tax purposes* to the same extent it was, in the opinion of such counsel, so excludable on the Closing Date. VPSA shall offer to amend this Agreement whenever it shall in good faith determine, based on an opinion of its counsel, that any one or more of the restrictions or requirements imposed by this Agreement upon the Local Units, or any of them, may be removed or modified without adversely affecting the exclusion of interest on VPSA's Bonds from gross income for federal income tax purposes.

Section 22. Notices.

Whenever notice is to be given pursuant to the provisions of this Agreement, such notice shall be deemed to have been satisfactorily given on the same day if hand delivered or telecopied during regular business hours or three (3) days after the date of postmark if mailed, first class mail, postage prepaid, as follows:

If to VPSA, to	Virginia Public School Authority c/o State Treasurer
by hand	3rd Floor, James Monroe Building 101 North 14th Street Richmond, Virginia 23219
by mail	Post Office Box 1879 Richmond, Virginia 23218-1879
by telecopier	(804) 225-3187
in any case	Attention: Public Finance Manager
If to the Depository, to	Wachovia Bank, N.A.
By hand	1021 East Cary Street Richmond, Virginia 23219
By mail	Post Office Box 27602 Richmond, Virginia 23261
By telecopier	(804) 697-7370
In any case	Attention: Richard H. Grattan Senior Vice President
If to the Investment Manager, to	PFM Asset Management LLC
By hand	One Keystone Plaza, Suite 300 N. Front & Market Streets Harrisburg, PA 17101
By mail	One Keystone Plaza, Suite 300 N. Front & Market Streets Harrisburg, PA 17101
By telecopier	(717) 233-6073

In any case

Attention: Barbara Fava
Managing Director

If to a Local Unit, to the address or telecopier number indicated on the page of this Agreement executed by such Local Unit.

Any such address or number may be changed by written notice given to all the other parties to this Agreement and the Investment Manager, except that a Local Unit need give such notice only to VPSA, the Depository and the Investment Manager.

Section 23. No Third Party Beneficiaries.

Except as herein otherwise expressly provided, nothing in this Agreement expressed or implied is intended or shall be construed to confer upon any person, firm or corporation other than the parties hereto any right, remedy or claim, legal or equitable, under or by reason of this Agreement or any provision hereof, this Agreement and all its provisions being intended to be and being for the sole and exclusive benefit of the parties hereto.

Section 24. Severability.

In case any one or more of the provisions of this Agreement shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Agreement and this Agreement shall be construed and enforced as if such illegal or invalid provision had not been contained herein. In case any covenant, stipulation, obligation or agreement contained in this Agreement shall for any reason be held to be in violation of law, then such covenant, stipulation, obligation or agreement shall be deemed to be the covenant, stipulation, obligation or agreement of the affected party to the full extent permitted by law.

Section 25. No Personal Liability.

All covenants, stipulations, obligations and agreements of VPSA contained in this Agreement shall be deemed to be covenants, stipulations, obligations and agreements of VPSA

to the full extent authorized by the laws and permitted by the Constitution of Virginia. No covenant, stipulation, obligation or agreement contained herein shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future member, employee or agent of VPSA or any Local Unit in his individual capacity. No commissioner, officer, employee or agent of VPSA or any Local Unit shall incur any personal liability in acting or proceeding or in not acting or not proceeding, in good faith, reasonably and in accordance with the terms of this Agreement and the applicable laws of the Commonwealth of Virginia.

Section 26. Applicable Law.

This Agreement is executed with the intent that the laws of the Commonwealth of Virginia shall govern its construction.

Section 27. Counterparts.

This Agreement may be executed in one or more counterparts.

Section 28. Effective Date; Term.

This Agreement shall take effect on the Closing Date and shall expire on the date on which VPSA shall make the final rebate payment required by Part D of the Letter Agreement.

Virginia Public School Authority

By: _____
Name: Richard A. Davis
Title: Assistant Secretary and
Assistant Treasurer

Wachovia Bank, N.A.

By: _____
Name: Richard H. Grattan
Title: Senior Vice President

PFM Asset Management LLC

By: _____
Name: Barbara Fava
Title: Managing Director

NAME OF ISSUER: _____

Page 1 of 2

A. Address for notices, by hand, by mail and by telecopier, if any, as referred to in Section 22 above:

B. Authorized Representative(s):

Name

Title

Specimen Signature

C. Local School Bonds Closing Date (if not November 9, 2006 enter Date of Issue of Local School Bonds): _____

D. Is the Small Issuer Exception applicable to this Issuer? (If yes, an opinion of Bond Counsel and Issuer's covenant is required as per Section 9 herein).

Yes _____ No _____

E. Eighteen Month Exception:

Estimated Investment Earnings for purposes of the Eighteen-Month Exception: \$ _____

If any proceeds are used to refund prior debt, please indicate:

proceeds used to refund prior debt: \$ _____

issuance expense allocable to the refunding portion of the issue: \$ _____

NAME OF ISSUER: _____

Page 2 of 2

F. Elections with respect to Two-Year Exception:

1. Election to use actual facts in lieu of reasonable expectations for purposes of the Two-Year

Exception:

Yes _____ No _____

2. Estimated Investment Earnings: \$ _____

1. If any proceeds are used to refund prior debt, please indicate:

(a) proceeds used to refund prior debt: \$ _____

(b) issuance expenses allocable to the refunding portion of the issue:
\$ _____

2. Bifurcation Election to treat the portion of the issue used for construction as a separate issue:

Yes _____ No _____

If yes, state the portion of the issue used for construction and non-construction, respectively; (the sum of the following amounts must equal the issue price of \$ _____ reduced by any portion used for refunding purposes):

(a) portion of the issue used for construction: \$ _____

(b) issuance expenses allocable to the construction portion of the issue: \$ _____

(c) portion of the issue used for non-construction: \$ _____

(d) issuance expenses allocable to the non-construction portion of the issue: \$ _____

3. Penalty Election to pay One and One-Half Percent Penalty in lieu of rebate:

Yes _____ No _____

City/County

By: _____
Name: _____
Title: _____

LOCAL SCHOOL BONDS – NON-SUBSIDY

<u>Local Unit</u>	<u>Principal Amount of Bonds</u>	<u>Purchase Price</u>
	\$	\$

TOTAL:	\$	\$
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LOCAL SCHOOL BONDS – SUBSIDY

<u>Local Unit</u>	<u>Principal Amount of Bonds</u> \$	<u>Purchase Price</u> \$
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TOTAL:	\$	\$
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Exhibit B

[No requisition is required in conjunction with a check payable to a vendor in respect of an invoice due and payable.]

**FORM OF REQUISITION FOR REIMBURSEMENT BY
PRE-AUTHORIZED ELECTRONIC FUNDS TRANSFER**

[To be used for REIMBURSEMENT to a Local Unit from Local School Bond proceeds for an invoice or obligation that has been paid and is eligible for payment from Local School Bond proceeds.]

PFM Asset Management LLC
One Keystone Plaza, Suite 300
N. Front & Market Streets
Harrisburg, Pennsylvania 17101

**VIRGINIA PUBLIC SCHOOL AUTHORITY [Name of Local Unit]
BOND PROCEEDS ACCOUNT - SERIES 2006 B ISSUE**

Requisition from the Principal Subaccount

Requisition No. _____
("item number")

This requisition for payment from the Principal Subaccount of the Proceeds Account is submitted in accordance with the provisions of the Proceeds Agreement dated November 9, 2006, among the Virginia Public School Authority ("VPSA"), the undersigned (the "Local Unit") and the other units of local government signatory thereto, PFM Asset Management LLC, as Investment Manager and Wachovia Bank, N.A., as Depository. You are hereby notified that you are authorized and directed by the Local Unit to pay the following obligation from the Principal Subaccount:

1. The item number of such payment: ____
2. The amount[s] to be paid: \$ _____
3. Purpose by general classification for which such obligation was incurred:

4. The date(s) the expenditure(s) was/were made:

To reimburse the Local Unit for costs of the _____ School paid by the Local Unit through ____, 20_ as follows:

5. A copy of each supporting [invoice, work order, statement] for which reimbursement is to be made is attached hereto.

6. The obligation[s] in the stated amount[s] have been paid, and each item thereof is a proper charge against the proceeds of the Local Unit's Proceeds Account and has not been the subject of a previous withdrawal from the Proceeds Account.

7. All of which is hereby certified.

Dated _____

[Name of Local Unit]

By: _____
Authorized Local Unit
Representative

**Virginia Public School Authority
101 North 14th Street
Richmond, Virginia 23219**

LETTER AGREEMENT

November 9, 2006

**Re: Custody, Investment, and
Disbursement of Proceeds of Local School
Bonds Purchased by the Virginia Public School
Authority with the Proceeds of Its \$[2006 B PAR AMOUNT]
School Financing Bonds (1997 Resolution)
Series 2006 B**

This **LETTER AGREEMENT**, dated the date shown above (this "Letter Agreement"), is between the Authority and the Investment Manager. All capitalized terms used herein shall have the meaning given to them in Part E of this Letter Agreement or in Section 2 of the Proceeds Agreement to which this Letter Agreement is attached as Exhibit C.

With respect to the VPSA's Bonds, the Code requires that an amount equal to the VPSA's Rebate Requirement be paid to the United States Treasury. With respect to each issue of Local School Bonds, the Code requires that an amount equal to the Local Unit's Rebate Requirement be paid to the United States Treasury. Accordingly, VPSA hereby directs the Investment Manager, as provided below, to assist VPSA and each Local Unit to comply with the VPSA's Rebate Requirement and the respective Local Unit's Rebate Requirement.

To enable VPSA and the Local Units to fulfill their respective obligations under the Proceeds Agreement and to make such payments, and to enable the Investment Manager to fulfill its obligations under this Letter Agreement, the Investment Manager will prepare, on or before June 1, 2006 and each June 1 thereafter, the Investment Reports for VPSA as of the preceding November 9 and each Local Unit as of the preceding November 9. In addition, if a Local Unit has selected a Local Unit Computation Date other than an Installment Computation Date or the Final Computation Date, the Investment Manager will prepare the Investment Report for such Local Unit within (7) days after the Local Unit Computation Date. On the basis of such Investment Reports, VPSA shall cause the Rebate Calculation Agent to prepare (a) the Local Unit Rebate Computation setting forth the Local Unit Rebate Requirement as of each Computation Date for each Local Unit with respect to its issue of Local School Bonds as described in paragraph 3 of Part B hereto and (b) a calculation of the Yield Reduction Payment as of each Computation Date that must be paid by the Local Unit to comply with the Yield Restriction Requirement as described in Part D hereto. In addition, the Investment Manager will, based on the Rebate Report, transfer, within thirty (30) days after the Computation Date of each Local Unit, from its Principal Subaccount, if necessary, to its Income Subaccount, the amount required so that the amount to the credit of the Income Subaccount of each Local Unit shall equal its Local Unit Rebate Requirement.

A. Investment Report

With respect to all Nonpurpose Investments acquired during the term of this Letter Agreement with Gross Proceeds of each issue of Local School Bonds, the Investment Manager shall maintain separate Investment Reports for each issue of Local School Bonds.

The Investment Report for each Local Unit shall reflect the investments made with respect to its Proceeds Account.

B. Rebate Computation on Local School Bonds

VPSA shall compute each Local Unit's Rebate Requirement with respect to its issue of Local School Bonds in accordance with the procedure described below:

1. As of each Computation Date, VPSA shall cause the Rebate Calculation Agent to determine the Future Value of all nonpurpose payments made with respect to the Nonpurpose Investments purchased with or allocated to the Gross Proceeds of the Local School Bonds, as well as any rebate payments made, to such Computation Date in accordance with the requirements of the Treasury Regulations. Unless VPSA shall otherwise direct, transaction costs incurred in acquiring, carrying, selling or redeeming such obligations, shall be accounted for as provided in the Information Statement.

2. As of each Computation Date, VPSA shall cause the Rebate Calculation Agent to determine the Future Value of all nonpurpose receipts received with respect to the Nonpurpose Investments purchased with or allocated to the Gross Proceeds of the Local School Bonds, as well as any rebate payments recovered, to such Computation Date in accordance with the requirements of the Treasury Regulations.

3. As of each Computation Date, VPSA shall subtract the amount computed pursuant to paragraph 1 from the amount computed pursuant to paragraph 2. Such amount shall be the "Local Unit Rebate Requirement" as of the Computation Date.

4. Each of the Local Units has covenanted in Section 17 of the Proceeds Agreement not to charge its general fund or otherwise set aside or earmark funds with which to pay debt service on its Local School Bonds (other than as a budget item) prior to the date of payment thereof to VPSA.

5. The Local Unit Rebate Requirement may be treated as being met and no rebate computation shall be required with respect to the proceeds of the VPSA's Bonds applied to purchase such Local Unit's Local School Bonds if the VPSA receives the opinions and covenants or certification described in Section 9A of the Proceeds Agreement that a Local Unit meets the requirements of the (a) Six-Month Exception, (b) Eighteen-Month Exception, (c) Small Issuer Exception, or (d) Two-Year Exception, subject to the provisions described below.

(a) Six-Month Exception. Notwithstanding the fact that all of the Gross Proceeds of the Local School Bonds are spent within six (6) months of the date of issue and no other Gross Proceeds of the Local School Bonds are anticipated for the remainder of the term of the issue, if Gross Proceeds of the Local School Bonds become available after the

end of the initial six-month period, the Local Unit Rebate Requirement shall be computed with respect to such Gross Proceeds in accordance with the procedure described above.

(b) Eighteen-Month Exception. Notwithstanding the fact that all of the Gross Proceeds of the Local School Bonds are spent within eighteen (18) months of the date of issue and no other Gross Proceeds of the Local School Bonds are anticipated for the remainder of the term of the issue, if Gross Proceeds of the Local School Bonds become available after the end of the initial eighteen-month period, the Local Unit Rebate Requirement shall be computed with respect to such Gross Proceeds in accordance with the procedure described above.

(c) Small Issuer Exception. If a Local Unit delivers to VPSA no later than the end of calendar year 2006 (i) the opinion of nationally recognized bond counsel that the Local School Bonds of such Local Unit purchased by VPSA with the proceeds of the VPSA's Bonds will be treated as meeting the requirements of Code Sections 148 (f)(2) and (3) pursuant to Code Section 148 (f)(4)(D) and (ii) the Local Unit's covenant that it shall provide for the payment of or reimburse VPSA for its payment of the Local Unit Rebate Requirement in the event that the Local School Bonds of such Local Unit fail to meet all the requirements of the Small Issuer Exception, then no rebate computation shall be made with respect to the proceeds of VPSA's Bonds applied to purchase such Local School Bonds. Although the Local School Bonds of a Local Unit may qualify for the Small Issuer Exception, custody, investment and disbursement of the proceeds of the VPSA's Bonds applied to the purchase of the Local Unit's Local School Bonds shall continue under the Proceeds Agreement, and the Investment Manager shall continue to provide an Investment Report for such Local Unit.

6. In addition to the foregoing, no rebate computation shall be required with respect to the proceeds of the VPSA's Bonds applied to purchase a Local Unit's Local School Bonds if a Penalty Election has been made on behalf of the Local Unit with respect to such Local School Bonds.

C. Aggregate Rebate Computation on Local School Bonds

In the event that the Treasury Regulations require that the Local Units' Rebate Requirements be calculated in the aggregate, VPSA shall compute the Aggregate Local Units' Rebate Requirement in accordance with the procedure set forth below.

1. As of each Computation Date, VPSA shall cause the Rebate Calculation Agent to determine the Future Value of all nonpurpose payments made with respect to the Nonpurpose Investments purchased with or allocated to the Gross Proceeds of all of the Local School Bonds in the aggregate (except those qualifying for one of the Rebate Exceptions or those that have made the Penalty Election), as well as any rebate payments made, to such Computation Date in accordance with the requirements of the Treasury Regulations.

2. As of each Computation Date, VPSA shall cause the Rebate Calculation Agent to determine the Future Value of all nonpurpose receipts received with respect to the Nonpurpose Investments purchased with or allocated to the Gross Proceeds of all of the Local School Bonds

in the aggregate (except those qualifying for one of the Rebate Exceptions or those that have made the Penalty Election), as well as any rebate receipts recovered, to such Computation Date in accordance with the requirements of the Treasury Regulations.

3. As of each Computation Date, VPSA shall subtract the amount computed pursuant to paragraph 1 from the amount computed pursuant to paragraph 2. Such amount shall be the "Aggregate Local Units' Rebate Requirement" as of the Computation Date.

D. Yield Reduction Payment

With respect to each Local Unit that has amounts on deposit in its Proceeds Accounts on and after November 9, 2009, VPSA shall cause the Rebate Calculation Agent to compute, as of each Computation Date, the amount that such Local Unit must pay as a Yield Reduction Payment pursuant to Treas. Reg. Section 1.148-5(c) in order to cause the Yield on the investment of any amounts in the Proceeds Account on and after November 9, 2009 to be less than or equal to the VPSA's Bond Yield. The calculation of such Yield Reduction Payment shall not take into account any investment activity prior to November 9, 2009. Such amount shall be the "Local Unit Yield Reduction Payment" as of the Computation Date.

E. Rebate Payment

1. Upon the calculation of the Local Unit Rebate Requirement and Yield Reduction Payment for each Local Unit, VPSA shall notify the Investment Manager thereof. The Investment Manager shall promptly charge the Principal Subaccount of a Local Unit to the extent the amount on deposit to the credit of its Income Subaccount is less than the sum of its Local Unit Rebate Requirement and Local Unit Yield Reduction Payment and credit its Income Subaccount with an amount such that the balance to the credit of the Income Subaccount is equal to the sum of its Local Unit Rebate Requirement and Local Unit Yield Reduction Payment (taking into account prior amounts credited to the Income Subaccount including investment income thereon). To the extent that the amount on deposit in the Principal Subaccount is insufficient to provide for a deposit to the Income Subaccount such that the balance in the Income Subaccount is equal to the sum of the Local Unit Rebate Requirement and Local Unit Yield Reduction Payment for the Local Unit, the Investment Manager shall advise VPSA and such Local Unit of the amount of the deficiency so that the Local Unit may promptly transfer to the Depository the amount required pursuant to Section 12 of the Proceeds Agreement.

2. In addition to the computation of the Local Units' Rebate Requirement, VPSA shall calculate its Rebate Requirement with respect to Nonpurpose Investments that were acquired with the Gross Proceeds of the VPSA's Bonds in accordance with the procedures set forth in the Tax Certificate executed by VPSA in connection with the issuance of the VPSA's Bonds.

3. The Local Unit Rebate Requirement for each Local Unit, if a positive number, shall be paid at the direction of VPSA to the United States in installments. Each payment must be in an amount not less than the total of ninety percent (90%) of the Local Unit Rebate Requirement for each Local Unit as of each Installment Computation Date. All of the Local Unit Rebate Requirement must be paid to the United States within sixty (60) days after the Final

Computation Date. All of the Local Unit Yield Reduction Payment as of each Computation Date must be paid to the United States within sixty (60) days of each Computation Date. Each payment shall be made not later than sixty (60) days after each Computation Date. Payment shall be made to the Internal Revenue Service Center, Ogden, Utah 84201 and be accompanied by Form 8038-T. VPSA shall make such payment as required. Investment Reports and records of the determinations made hereunder shall be retained by the Investment Manager and by VPSA, respectively, until six (6) years after the retirement of the last of VPSA's Bonds.

F. Definitions

In addition to the words and terms defined in the Proceeds Agreement to which this Letter Agreement is attached as Exhibit C, the following words and terms shall have the following meanings:

"Bond Resolution" shall mean the resolution of the Authority adopted on October 23, 1997, as amended and restated on October 5, 1998, and as supplemented.

"Fair Market Price" shall mean the purchase price and disposition price of a Nonpurpose Investment. Any Nonpurpose Investment purchased must be purchased at the Fair Market Price. An investment that is not of a type traded on an established market, within the meaning of Section 1273 of the Code, is rebuttably presumed to be acquired or disposed of at a price that is not equal to its fair market value. Accordingly, a premium may not be paid to adjust the yield on an investment, a lower interest rate than is usually paid may not adjust the yield on an investment and no transaction may result in a smaller profit or larger loss than would have resulted if the transaction had been at arm's-length and had the yield with respect to the Bonds not been relevant to either party. Pursuant to Treasury Regulation Section 1.148-5(d), the following are safe harbors for establishing the Fair Market Price of certificates of deposit and guaranteed investment contracts:

(i) Certificate of Deposit. A certificate of deposit with a fixed interest rate, fixed payment schedule and a substantial penalty for early withdrawal will be deemed purchased for fair market value if the yield on the certificate of deposit is not less than (i) the yield on reasonably comparable direct obligations of the United States and (ii) the highest yield published or posted by the provider to be currently available from the provider on reasonably comparable certificates offered to the public. See Section 1.148-5(d)(6)(ii) of the Treasury Regulations.

(ii) Investment Agreement. Investments pursuant to a guaranteed investment contract will be regarded as being made at fair market value if

(a) A bona fide solicitation for a guaranteed investment contract is made that satisfies all of the following requirements: (A) the bid specifications are in writing and are timely forwarded to potential providers, (B) the bid specifications include all material terms that may directly or indirectly affect the yield or the cost of the guaranteed investment contract, (C) the bid specifications include a statement notifying potential providers that submission of a bid is a representation that the potential provider did not consult with any other potential

provider about its bid, that the bid was determined without regard to any other formal or informal agreement that the potential provider has with the Issuer or any other person (whether or not in connection with the issuance of the Bonds), and that the bid is not being submitted solely as a courtesy to the Issuer or any other person for purposes of satisfying the requirements contained in Section 1.148-5(d)(6)(iii)(B)(1) or (2) of the Treasury Regulations, (D) the terms of the bid specifications are commercially reasonable in that there is a legitimate business purpose for each term other than to increase the purchase price or reduce the yield of the guaranteed investment contracts, (E) the terms of the solicitation take into account the reasonably expected deposit and drawdown schedule for the amounts to be invested, (F) all potential providers have an equal opportunity to bid and no potential provider is given the opportunity to review other bids (i.e., a “last look”) before providing a bid, (G) in those cases where the Issuer engages a bidding agent to conduct the bidding, such agent did not bid to provide the investment, and (H) at least three reasonably competitive providers are solicited for bids. A “reasonably competitive provider” is a provider that has an established industry reputation as a competitive provider of investments of the same type as such guaranteed investment contract;

(b) At least three bona fide bids on the guaranteed investment contract are received from providers that have no material financial interest in the Bonds. The following are deemed to have a material financial interest in the Bonds: (A) the lead purchaser in a negotiated underwriting transaction until 15 days after the issue date of the issue, (B) any entity acting as a financial advisor with respect to the purchase of the guaranteed investment contract at the time the bid specifications are forwarded to potential providers, and (C) a provider that is a related party to a provider that has a material financial interest in the execution and delivery of the Bonds;

(c) At least one of the three bids received is from a reasonably competitive provider, as described above;

(d) The winning bidder provides a certificate that (A) lists the recipients, amounts and purposes of any brokerage fee, placement fee, commission or administrative costs that it is paying (or expects to pay) to third parties in connection with supplying the guaranteed investment contract, (B) states that the yield on the guaranteed investment contract is not less than the yield available from the provider on reasonably comparable guaranteed investment contracts offered to other persons from sources of funds other than gross proceeds of tax-exempt obligations, and (C) in those agreements wherein the Issuer deposits amounts (other than amounts deposited in debt service funds or reasonably required reserve or replacement funds) states that the Issuer’s draw-down schedule was a significant factor in determining the terms of the guaranteed investment contract;

(e) The highest yielding guaranteed investment contract for which a bona fide bid was made is purchased (determined net of broker’s fees, if any); and

(f) The following records are retained with the bond documents until three years after the last outstanding Bond is redeemed: (A) a copy of the guaranteed investment contract, (B) the receipt or other record amount actually paid for the guaranteed investment contract, including a record of any administrative costs paid and the certification under subsection (d) hereof, (C) for each bid that is submitted, the name of the person and entity submitting the bid, the time and date of the bid, and the bid results, and (D) the bid solicitation form and, if the terms of the guaranteed investment contract deviated from the bid solicitation form or a submitted bid is modified, a brief statement explaining the deviation and stating the purpose for the deviation.

“Future Value” of a payment or receipt at the end of any period is determined using the economic accrual method and equals the value of that payment or receipt when it is paid or received (or treated as paid or received), plus interest assumed to be earned and compounded over the period at a rate equal to the Yield on the VPSA’s Bonds, using the same compounding interval and financial conventions used to compute that yield.

“Gross Proceeds” shall have the meaning ascribed to such term in Section 148 of the Code and shall mean:

(a) amounts actually received or constructively received by VPSA from the sale of the VPSA’s Bonds and the amounts actually or constructively received by the Local Units from the sale of the Local School Bonds, other than any interest accruing on the VPSA’s Bonds from the dated date to the issue date of such bonds;

(b) amounts treated as Transferred Proceeds (as defined in Treasury Regulations Section 1.148-9) of the VPSA’s Bonds or the Local School Bonds, if any;

(c) amounts that are reasonably expected to be or are in fact used to pay debt service on the Bonds including amounts in the sinking fund portion of the 1997 Income Fund under the Bond Resolution and the 1997 Sinking Fund under the Bond Resolution;

(d) securities or obligations pledged by the VPSA or Local Unit as security for payment of debt service with respect to the VPSA’s Bonds or the Local School Bonds;

(e) amounts received with respect to any investments acquired with Gross Proceeds for the purpose of carrying out the governmental purpose for which the VPSA’s Bonds or the Local School Bonds were issued, including the Local School Bonds, except that such amounts shall not include amounts, if any, that are properly allocable to qualified administrative costs recoverable under Treasury Regulation Section 1.148-5(e) or to the higher yield permitted under Treasury Regulation Section 1.148-2(d) or Section 143(g) of the Code;

(f) amounts treated as “replacement proceeds” of the VPSA’s Bonds or the Local School Bonds within the meaning of section 1.148-1(c) of the Treasury Regulations;

(g) any funds that are part of a reserve or replacement fund for the VPSA Bonds or Local School Bonds; and

(h) amounts received as a result of investing any Gross Proceeds.

Gross Proceeds shall include amounts that are on deposit in the Income Subaccount to the extent that such amounts are derived from Gross Proceeds of the VPSA’s Bonds or the Local School Bonds. The determination of whether an amount is included within this definition shall be made without regard to whether the amount is credited to any fund or account established under the Bond Resolution, or whether the amount is subject to the pledge of the Bond Resolution.

For purposes of subsection (d) above, an amount is pledged to pay principal or interest with respect to VPSA’s Bonds or Local School Bonds if there is a reasonable assurance that the amount will be available for such purposes in the event that the VPSA or Local Unit encounters financial difficulties. An amount can be indirectly pledged to pay principal or interest with respect to VPSA’s Bonds or Local School Bonds if it is pledged to a guarantor of either or both such bonds. An amount may be “negatively” pledged to pay principal or interest with respect to VPSA’s Bonds or Local School Bonds if it is held under an agreement to maintain the amount at a particular level for the direct or indirect benefit of the holders of the bonds or a guarantor of the bonds. An amount is not negatively pledged however if (i) VPSA or the Local Units may grant rights in the amount that are superior to the rights of the holders of the bonds or a guarantor of the bonds, or (ii) the amount does not exceed reasonable needs for which it is maintained, the required level is tested no more frequently than every 6 months, and the amount may be spent without any substantial restriction other than a requirement to replenish the amount by the next testing date.

If a decision is made to apply any insurance or condemnation proceeds to the redemption of VPSA’s Bonds or Local School Bonds instead of using such proceeds for repair or replacement, any such proceeds become Gross Proceeds on the date of such a decision.

The definition of Gross Proceeds has been set out in full for the sake of completeness. With respect to each Local School Bond, all of the Gross Proceeds are on deposit in such Local Unit’s Proceeds Account except to the extent that the Local School Bonds may be part of a composite issue under Treasury Regulation §1.150-1(c), or the Local Unit may have retained Transferred Proceeds. With respect to the VPSA’s Bonds, all of its Gross Proceeds are the total of the amounts on deposit in the Proceeds Accounts of the Local Units, except as provided above, and the amounts on deposit in the sinking fund portion of its 1997 Income Fund under the Bond Resolution and the 1997 Sinking Fund under the Bond Resolution.

“Investment Report” shall mean the record of investment activity maintained by the Investment Manager with respect to the investment property and the Local Units, as described in the Contract.

“Local Unit’s Rebate Requirement” shall mean the sum of (i) the excess of (A) the aggregate amount earned on all Nonpurpose Investments acquired with the Gross Proceeds of the Local School Bonds over (B) the amount that would have been earned if the Nonpurpose Investments had a Yield equal to the VPSA’s Bond plus (ii) any income attributable to the excess described in clause (i).

“Nonpurpose Investments” shall mean any security, obligations, annuity contract or any other investment-type property (as such term is defined in Section 1.148-1(b) of the Treasury Regulations) that is not acquired to carry out the governmental purpose of the VPSA’s Bonds or the Local School Bonds. Nonpurpose Investments shall not include Tax-Exempt Investments. Any Nonpurpose Investments shall be purchased by the Investment Manager only if the purchase price of the Nonpurpose Investment is the Fair Market Price.

“Rebate Calculation Agent” shall mean that accounting firm with a favorable national reputation in the field of the calculation of amounts subject to rebate to the United States under Section 148(f) of the Code and the Temporary Regulations that has been appointed under Section 7.2 of the Contract or by VPSA.

“Tax-Exempt Investments” shall include:

- (i) obligations the interest on which is excludable from gross income for federal income tax purposes, and not treated as an item of tax preference under Section 57(a)(5)(C) of the Code,

- (ii) stock in a regulated investment company to the extent that at least 95% of the income to the holder of the interest is excludable from gross income under Section 103 of the Code, and

- (iii) certificates of indebtedness issued by the United States Treasury pursuant to Demand Deposit State and Local Government Series program described in 31 CFR part 344 (“SLGs”).

“Treasury Regulations” shall mean the Treasury Regulations Sections 1.148-0 through 1.148-11, 1.149(b)-1, 1.149(d)-1, 1.149(e)-1, 1.149(g)-1, Section 1.150-1 and Section 1.150-2, as amended from time to time hereafter, and other regulations promulgated under Section 148 of the Code.

“VPSA’s Rebate Requirement” shall mean the sum of (i) the excess of (A) the aggregate amount earned on all Nonpurpose Investments acquired with the Gross Proceeds of VPSA’s Bonds over (B) the amount that would have been earned if the Nonpurpose Investments had a Yield equal to VPSA’s Bond Yield plus (ii) any income attributable to the excess described in clause (i).

“Yield”, for purposes of this Letter Agreement, shall be calculated pursuant to the Treasury Regulations by means of an actuarial method of yield calculation whereby “yield” means that discount rate which, when used in computing the present value of all the unconditionally payable payments of principal and interest and all the payments for a qualified guarantee paid and to be paid with respect to the bond, produces an amount equal to the issue

price of the bond. For purposes of this Letter Agreement, the Yield on VPSA's Bonds is [2006 B YIELD]%. The Yield on investments must be computed by the use of the same frequency interval of compounding interest as is used in computing the Yield on the VPSA's Bonds and the Local School Bonds.

G. Amendments

In order to comply with the covenants by VPSA and each of the Local Units regarding compliance with the requirements of the Code and the exclusion from federal income taxation of the interest paid and to be paid on the Local School Bonds and VPSA's Bonds, the procedures described in this Letter Agreement may be modified as necessary, based on the advice of counsel, to comply with rulings, regulations, legislation or judicial decisions as may be applicable to such bonds.

Very truly yours,

VIRGINIA PUBLIC SCHOOL AUTHORITY

By: _____
Name: Richard A. Davis
Title: Assistant Secretary and
Assistant Treasurer

Accepted: PFM Asset Management LLC

By: _____
Name: Barbara Fava
Title: Managing Director

AUTHORIZED REPRESENTATIVES

The following are the Authorized Representatives of Virginia Public School Authority, Wachovia Bank, N.A. and PFM Asset Management LLC:

VIRGINIA PUBLIC SCHOOL AUTHORITY:

<u>Name</u>	<u>Title</u>	<u>Specimen Signature</u>
Richard A. Davis	Assistant Secretary and Assistant Treasurer	
Evelyn R. Whitley	Assistant Secretary and Assistant Treasurer	

WACHOVIA BANK, N.A.:

<u>Name</u>	<u>Title</u>	<u>Specimen Signature</u>
Richard H. Grattan	Senior Vice President	

PFM ASSET MANAGEMENT LLC:

<u>Name</u>	<u>Title</u>	<u>Specimen Signature</u>
Barbara L. Fava	Managing Director	



CITY OF ROANOKE

Office of the City Clerk

215 Church Avenue, S. W., Room 456

Roanoke, Virginia 24011-1536

Telephone: (540) 853-2541

Fax: (540) 853-1145

E-mail: clerk@roanokeva.gov

Stephanie M. Moon, CMC
Acting City Clerk

Sheila N. Hartman
Assistant City Clerk

September 21, 2006

The Honorable Mayor and Members
of the Roanoke City Council
Roanoke, Virginia

Dear Mayor Harris and Members of Council:

Your attention is called to Section 9, Elections by council, when held, terms, etc., of the Roanoke City Charter which provides, in part, that during the month of September 1974 and during the month of September of the second year thereafter, the Council shall elect a City Clerk, a Director of Finance, a Municipal Auditor and a City Attorney, each of whom shall serve for a term of two years from the first day of October next following the date of their election and until their successor shall have been elected and qualified.

Pursuant to the abovereferenced City Charter provision, the two year terms of the following Council Appointed officers will expire on September 30, 2006:

City Clerk

Jesse A. Hall, Director of Finance

Troy A. Harmon, Municipal Auditor

William M. Hackworth, City Attorney

A communication from Mary F. Parker, City Clerk, advising of her retirement as City Clerk for the City of Roanoke, effective October 1, 2006, was accepted by City Council at its regular meeting on Monday August 7, 2006.

Sincerely yours,

A handwritten signature in black ink that reads "Stephanie M. Moon". The signature is fluid and cursive.

Stephanie M. Moon
Acting City Clerk

SMM:ew



CITY OF ROANOKE
PLANNING BUILDING AND DEVELOPMENT

215 Church Avenue, S.W., Room 166
Roanoke, Virginia 24011
Telephone: (540) 853-1730 Fax: (540) 853-1230
E-mail: planning@ci.roanoke.va.us

Architectural Review Board
Board of Zoning Appeals
Planning Commission

September 18, 2006

Honorable C. Nelson Harris, Mayor
Honorable David B. Trinkle, Vice Mayor
Honorable Alfred T. Dowe, Jr., Council Member
Honorable Beverly T. Fitzpatrick, Jr., Council Mayor
Honorable Sherman P. Lea, Council Member
Honorable Gwendolyn W. Mason, Council Member
Honorable Brian J. Wishneff, Council Member

Dear Mayor Harris and Members of City Council:

Subject: Request from the Haitian Sinai Baptist Church represented by Castin Mesadieu, Pastor, that property on Cove Road N.W. bearing Official Tax No. 2480115, currently zoned R-7, Residential Single-Family District, be rezoned to INPUD, Institutional Planned Unit Development District, to allow for a place of worship.

Planning Commission Action

Planning Commission public hearing was held on Thursday, August 17, 2006. By a vote of 5-0 (Messrs. Butler and Scholz absent), the Commission recommended that City Council approve the requested rezoning.

Background

The petitioner owns property (Official Tax No. 2480115) located in the Fairland Neighborhood at 2905 Cove Road, N.W., which is zoned R-7, Residential Single-Family District. The owner wishes to rezone the property to INPUD, Institutional Planned Unit Development District to permit the construction of a church facility.

There is currently a one and a half story stick built dwelling, manufactured home and associated accessory buildings located on the 5.49 acre property. The development plan calls for the preservation of the dwelling and the construction of a sanctuary, fellowship hall, educational building and associated parking facilities. The construction of the buildings is proposed to occur in three phases and the parking in two.

The Petition to Rezone was filed on June 1, 2006. This petition was amended and filed on July 12, 2006 to provide a suitable development plan. A second amended petition

was filed on August 9, 2006 to address specific staff comments on the previously submitted development plan.

Considerations

Surrounding Zoning Districts and Land Uses

The subject property is located in the Fairland Neighborhood on Cove Road N.W., at its intersection with Abbott Street N.W., and is currently zoned R-7, Residential Single-Family District. Immediately surrounding zoning and land use is as follows:

- R-7, Residential Single-Family District: Single-family residences make up the majority of the surrounding land uses to the south, east and west. All but three parcels are built upon.
- RMF, Residential Multi-Family District: Westwinds apartment complex adjoins the property to the north.
- IN, Institutional District: Macedonia Baptist Church lies directly across Cove Road from the subject property.
- ND, Neighborhood Design Overlay District is located on the opposite side of Cove Road, extending southeast.

Compliance with the Zoning Ordinance

Haitian Sinai Baptist Church acquired the subject property in July of 2002. At that time, the property was zoned RS-3 District, which permitted a place of worship as a principle use. However, with the adoption of the current zoning ordinance in December of 2005, a place of worship is no longer permitted.

If the property is rezoned to INPUD, Institutional Planned Unit Development District, the church can continue with the planned development of its facilities. As a planned unit development, the property must be developed in accordance the Development Plan prepared by Hughes Associates Architects, dated August 3, 2006, and attached to the petition as Exhibit C, subject to any changes required by the City during the Comprehensive Site Plan review.

Compatibility with the City's Comprehensive and Neighborhood Plans

Both Vision 2001-2020 and the Fairland/Villa Heights Neighborhood Plans encourage new development that promotes the use of the city's neighborhoods as villages where residents can obtain a variety of services in close proximity to their homes. The Fairland Neighborhood has traditionally functioned in this manner with a mix of churches, schools and small commercial centers. The Fairland/Villa Heights community also sees churches as an integral component to their neighborhood with many of them offering their facilities for community meetings and activities.

The Fairland/Villa Heights Neighborhood Plan identifies Cove Road N.W. as one of four main thoroughfares through the neighborhoods. There is a concern over traffic safety on this street which has seen a steady increase in traffic over the years due to new development. However, Cove Road N.W. should not see additional impact during peak traffic times due to primary services being held on weekends and evenings. Additionally, the City Traffic Engineer has required that the church's entrance align with Abbott Street N.W. and that the petitioner evaluate the need for a right turn lane or taper at the entrance in accordance with Virginia Department of Transportation requirements to allow for better vehicular flow.

The plan identified future land use of the subject property as single-family residential. The future land use along Cove Road N.W. is primarily single and two-family residential with scattered institutional uses.

The following policies from the Vision 2001-2020 Comprehensive Plan and the Fairland/Villa Heights Neighborhood Plan are relevant in the consideration of the current petition.

- Vision 2001-2020:
 - *NH P2: Neighborhoods as villages.* Neighborhoods will function as villages, offering opportunities to live, work, shop and play and interact in a neighborhood setting.
 - *IN P4: Parking.* Roanoke will encourage on-street parking wherever possible and discourage excessive surface parking lots. Maximum parking standards for development outside of downtown will be established. Off-street parking will be encouraged to the side and rear of building.
- Fairland/Villa Heights Neighborhood Plan:
 - *Community Design:* Roanoke will encourage development of Fairland and Villa Heights as a mixed traditional and suburban neighborhood model prescribed by Vision 2001-2020. Compatibility between diverse uses will be encouraged through quality design.
 - *Community Design:* New development should enhance and contribute to the neighborhoods long-term viability.
 - *Community Design:* Roanoke will encourage the Fairland and Villa Heights neighborhoods to be mixed-use urban neighborhoods with opportunities for housing, employment, and services for all ages, races and incomes.
 - *Infrastructure:* Plant species of street trees that enhance the historic character of the neighborhood such as oaks and maples.
 - *Quality of Life:* The tree canopy should be maintained and increased throughout the neighborhood.
 - *Quality of Life:* Encourage neighborhood churches to coordinate efforts to improve the quality and range of outreach services.

Many design principles specified in the Vision 2001-2020 Comprehensive Plan are relevant in the consideration of the current petition. The development plan includes the following design principles:

- Street trees will be provided along Cove Road N.W. in accordance with the Zoning Ordinance to create a canopy adjacent to the roadway.
- Trees will be provided in the parking area as required by the Zoning Ordinance. This should create an adequate canopy within the site.
- Off-street parking will be located to the side of the building.
- A sidewalk will be provided from the principle building to the street giving pedestrians access to the surrounding neighborhoods and village center. Currently, only the southern side of Cove Road N.W. has a complete sidewalk system.
- The proposed building provides for a deeper setback from the street in accordance with design principles for institutional buildings.
- The sanctuary's front and entrance face the street.
- The buildings will be single-story and their mass is broken into three main components.

Planning Commission Discussion

The proposed church and related development were discussed, primarily relative to the location of the building, sidewalk access and tree canopy as follows:

The Planning Commission asked about the statement regarding a deeper setback for institutional buildings, noting that many neighborhood churches are located close to the street and are contributing structures in the neighborhood. Staff confirmed that the statement was intended to show that there is justification for a deeper setback compared to adjacent properties, as proposed by the petitioner, given that the development proposed was related to the expansion of an existing building.

The Planning Commission asked if staff considered requiring a sidewalk along the entire Cove Road right-of-way adjacent to the property. Staff responded that the petitioner is not required to provide any sidewalks from a development to or along the right-of-way in an INPUD, Institutional Planned Unit Development. However, staff believed that a sidewalk from the church to the right-of-way that allowed pedestrian access to the sidewalk on the opposite side of Cove Road was appropriate for the neighborhood setting.


The Planning Commission asked if staff considered requiring trees along the driveway into the church facility to provide additional tree canopy as noted as a goal of the comprehensive plan. Staff responded that the petitioner was providing street trees and parking lot landscaping as required by the zoning ordinance but that there is no requirement for tree canopy over a driveway in the ordinance. The Planning Commission asked the representative of the petitioner

if he would be willing to revise the development plan to include additional trees along the driveway and to submit an amended petition containing the revised plan. The representative declined to revise the plan and submit a revised petition based on the cost involved.

Recommendation

By a vote of 5-0, the Planning Commission recommends that City Council approve the requested rezoning. The Commission finds that the petition to rezone the subject property from R-7, Mixed Density Residential District to INPUD, Institutional Planned Unit Development District, is a reasonable request and provides for practical use of the property consistent with the general mixture of uses along Cove Road N.W.

Respectfully submitted,

A handwritten signature in black ink that reads "Richard A. Rife" with a small mark below the "e".

Richard A. Rife, Chairman
Roanoke City Planning Commission

cc: Darlene L. Burcham, City Manager
Rolanda Russell, Assistant City Manager for Community Development
William M. Hackworth, City Attorney
Castin Mesadieu (Pastor), Haitian Sinai Baptist Church, Petitioner

SECOND AMENDED PETITION TO REZONE

IN THE COUNCIL OF THE CITY OF ROANOKE, VIRGINIA

IN RE:

Rezoning of a tract of land contains 5.49 acres, located at 2905 Cove Rd.
Tax number 2480115- R-7 Residential Single Family District.

TO THE HONORABLE MAYOR AND MEMBERS OF THE COUNCIL OF THE
CITY OF ROANOKE:

The Petitioner, Haitian Sinai Baptist Church owns land in the city of Roanoke containing 5.49 acres more or less, located at 2905 Cove Road, NW Tax Number 2480115-R-7 Residential Single Family District. A map of the property to be rezoned is attached as Exhibit A.

Pursuant to Section 36.2-540, Code of the City of Roanoke (1979), as amended, the Petitioner requests that the said property be rezoned from R-7, Residential Single-Family District, to INPUD, Institutional Planned Unit Development District for the purpose of building a church. In 2002 when we purchased the property it was zoned RS-3, Residential Single Family District, which allowed operation and future construction of a church by right at this location. Last December, the city was rezoned and the property became R-7, Residential Single Family District. We are requesting that the property be rezoned to INPUD, Institutional Planned Unit Development District which would allow for church construction.

The petitioner believes the rezoning of the said tract of land will further the intent and purposes of the City's Zoning Ordinance and its comprehensive plan, in that it will allow expansion of an existing church.

Attached as exhibit B are names, addresses and tax numbers of the owner or owners of all lots or property immediately adjacent to and immediately across a street or road from the property to be rezoned. Exhibit C contains a site plan showing the proposed development of

the property. Exhibit D is a signed petition from several adjacent property owners supporting the proposed rezoning.

WHEREFORE, the petitioner requests that the above-described tract be rezoned as requested in accordance with the provisions of the Zoning Ordinance of the City of Roanoke.

Respectfully submitted this 4th day of August 2006

Respectfully submitted,

By: Haitian Sinai Baptist Church
Owner

Castin Mesadieu (Pastor)
3846 Wilmont Ave.
Roanoke, Virginia 24017
Home # (540) 343-9436
Cell # (540) 819-6303

Trustees

Aramy St.Fleur

Aramy St.Fleur

Marie Lapierre

Marie Lapierre

Andree J. Mesadieu

Andree J. Mesadieu

Fresnel Joseph

Fresnel Joseph

Winstin Mesadieu

Winstin Mesadieu

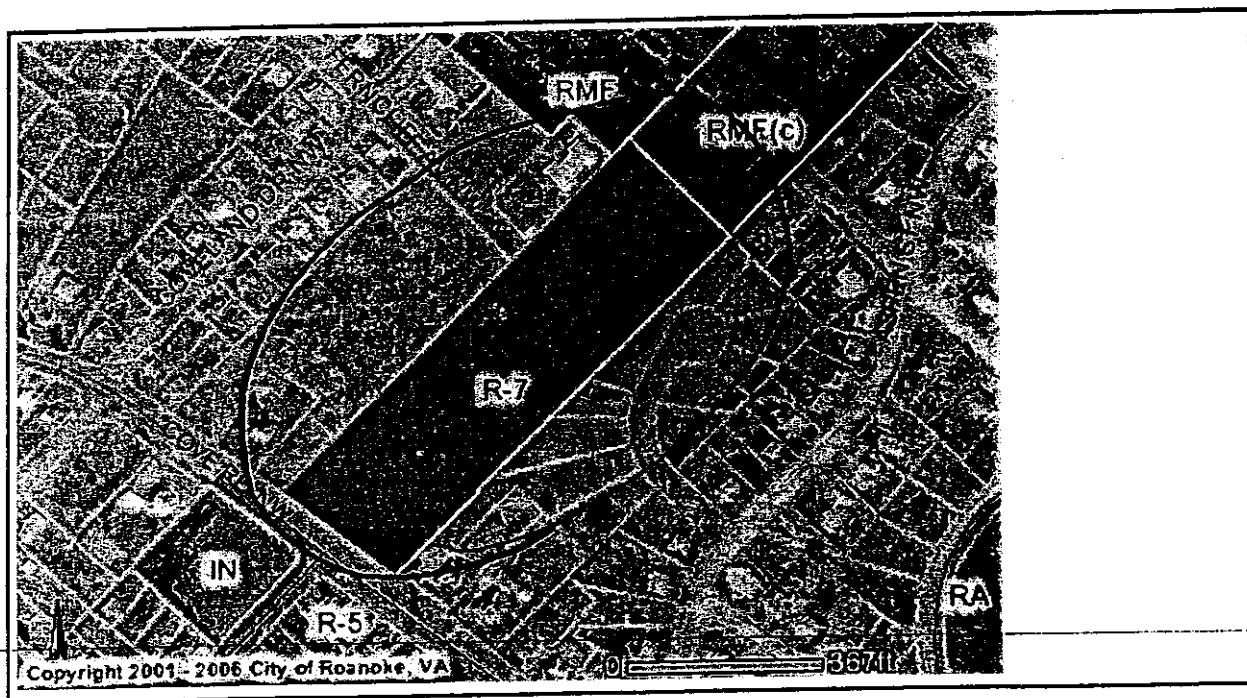
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Gesnel Saintmelus

ROANOKE VA

Print Report | Close Window

Property Information Card for: TRS HAITIAN SINAI BAPTIST CHURCH

2905 COVE RD NW
ROANOKE VA 24017**BUILDING PERMITS**[View Permits & Code Enforcement Notices](#)**MAPS & PLANS**[View Engineering Maps & Plans](#)**Images**[view large photo](#)**Sketches**[Sketch 1](#)**OWNER/LEGAL INFORMATION**

Tax Number	2480115
Property Address	2905 COVE RD NW
Legal Description	LOT 1 COVE ROAD
Owner Name	TRS HAITIAN SINAI BAPTIST CHURCH
Owner 2 Name	N/A
Owner Address	2905 COVE RD NW ROANOKE VA 24017
Neighborhood Number	510
Census Tract	0.00000
Property Use	200-SingleFamily

Exhibit A

Official Tax No./ Street Address	Name of Property Owner	Mailing Address
2480153 Cove Rd., N.W.	Vandel S. and Dollie K. Muse	3758 Troutland Ave. N.W. Roanoke, Va. 24017
2480155x Coveland Dr., N.W.	Rebecca C. Hale	2501 Lakeview Dr. NW Roanoke, VA 24017
2480162 Coveland Dr., N.W.	Tom B. McCarthy	1713 Coveland Dr Roanoke, VA 24017
2480147 1713 Coveland Dr., N.W.	Tom B. McCarthy	1725 East Birmingham, AL 35215
2480159 3001 Coveland Dr., N.W.	Westwind Associates	800 Heathwood Bv Blacksburg, VA 24060
2480161 3069 Ordway Rd., NW	Westwind Associates	800 Heathwood Bv Blacksburg, VA 24060
2470123 2816 Ordway Rd., NW	John L. & Shirley A. Washington	2816 Ordway Rd., NW Roanoke, VA 24017
2470130 2820 Asper Grove Ct.	Debra M. Pannell	2820 Aspen Grove Ct. Roanoke, VA 24019
2470129 Aspen Grove Ct., NW	Blue Ridge Housing	P.O. Box 2868 Roanoke, VA 24001

2470128 2813 Aspen Grove Ct., NW	Esther Hylton Whitlock	2813 Aspen Grove Ct. Roanoke, VA 24017
2470127 2809 Aspen Grove Ct., NW	Janis A. Wade	2809 Aspen Ct., NW Roanoke, VA 24017
2470126 2805 Aspen Ct. NW	Stanley L. Aughtry, JR.	2805 Aspen Ct. NW Roanoke, VA 24017
2460205 2846 Cove Rd. NW	Nannie E. Taylor	5205 Lancelot LN #5 Roanoke, VA 24019
2460238 2840 Cove Rd., NW	Busby J. & Shirley L. Trussell	2840 Cove Rd., NW Roanoke, VA 24017
2460204 2910 Cove Rd. NW	Trustees of Macedonia Baptist Church	2754 Booklyn Dr. NW Roanoke, VA 24017

100

MAXIMUM OF AN HOUR WITH PERMIT TO
DOE (1) TEST OF MECHANICAL (1) FOOT OF STEEL

HUGHES
ASSOCIATES
ARCHITECTS

654 ELN AVENUE, S.W.,
P.O. BOX 1034
TROMBONE, VIRGINIA 24097-1034

TEA (846) 342-4002
FAX (846) 342-2000
www.hugoboss.com/teacharts.com

REZONING FOR
HAITIAN SINAI
APTIST CHURCH
VE ROAD NW ROANOKE, VIRG



GRAPHIC SCALE

— SITE TO REZONE
FROM R-7 TO INPUD

REZONING FOR HAITIAN SINAI BAPTIST CHURCH

2905 COVE ROAD NW ROANOKE, VIRGINIA

REZONING
SITE PLAN

COMMISSIONER OF

5-1

NO. 1 OF 1
CLARK & CO.
NEW YORK

Exhib 1

HAITIAN SINAI BAPTIST CHURCH

2905 Cove Road
Roanoke VA 24017
(540) 563-1817
Castin Mesadieu, Pastor

Dear neighbor:

We are pleased to inform you that we have the intention to have a church built in this community. As our neighbor, one of the steps that we have to take is to get your agreement to that matter.

Please help us fill this petition to this regard.

We thank you for your time and your consideration.

Name: Deon Warren

Address: 2840 Cove Rd

Roanoke VA 24017

PHONE: _____

YES I AGREE ☒

NO, I DON'T AGREE _____

Name: Judy Ferguson

Address: 1713 Cleveland Dr NW

Roanoke VA 24017

PHONE: 540 265 7863

YES I AGREE ☒

NO, I DON'T AGREE _____

Name: Juan Mottet

Address: 2835 Cove Rd

Roanoke VA 24017

PHONE: _____

YES I AGREE ☒

NO, I DON'T AGREE _____

Name: Tanis Wade

Address: 2809 Aspen Grove Ct

Roanoke VA

PHONE: _____

YES I AGREE ☒

NO, I DON'T AGREE _____

Name: _____

Address: _____

PHONE: 515-9962

YES I AGREE ☒

NO, I DON'T AGREE _____

Name:-----

Address:-----

PHONE:-----

YES, I AGREE-----✓

NO, I DON'T AGREE-----

Name:-----

Address:-----

PHONE:-----

YES, I AGREE-----

NO, I DON'T AGREE-----

Name:-----

Address:-----

PHONE:-----

YES, I AGREE-----

NO, I DON'T AGREE-----

Name:-----

Address:-----

PHONE:-----

YES I AGREE-----

NO, I DON'T AGREE-----

Name:-----

Address:-----

PHONE:-----

YES, I AGREE-----

NO, I DON'T AGREE-----

Name:-----

Address:-----

PHONE:-----

YES, I AGREE-----

NO, I DON'T AGREE-----

Name:-----

Address:-----

PHONE:-----

YES, I AGREE-----

NO, I DON'T AGREE-----

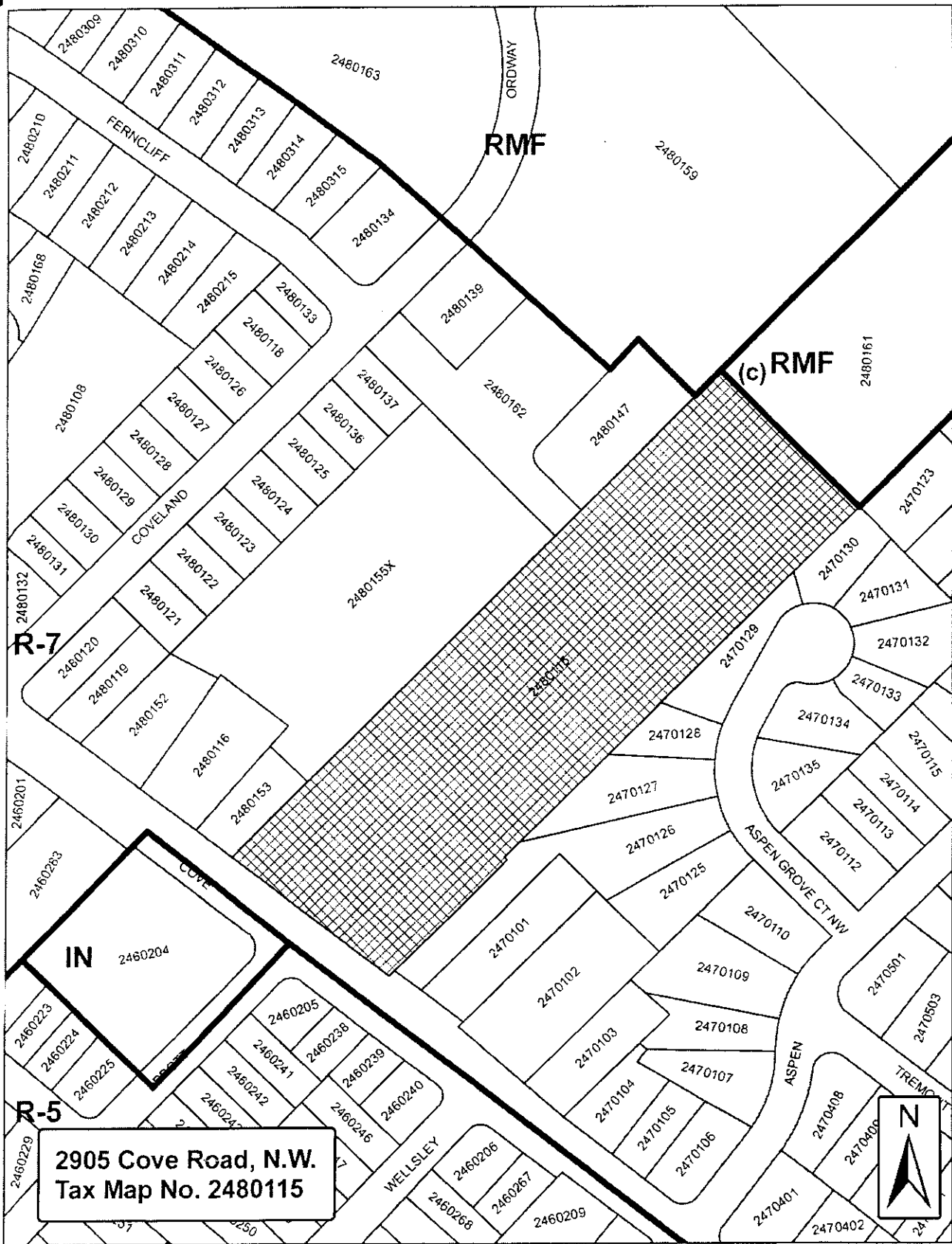
Name:-----

Address:-----

PHONE:-----

YES I AGREE-----

NO, I DON'T AGREE-----



RMF

(c) RMF

R-7

R-5

2905 Cove Road, N.W.
Tax Map No. 2480115



IN THE COUNCIL OF THE CITY OF ROANOKE, VIRGINIA,

AN ORDINANCE to amend §36.2-100, Code of the City of Roanoke (1979), as amended, and the Official Zoning Map, City of Roanoke, dated December 5, 2005, as amended, to rezone certain property within the City; and dispensing with the second reading of this ordinance by title.

WHEREAS, Haitian Sinai Baptist Church has made application to the Council of the City of Roanoke, Virginia ("City Council"), to have the hereinafter described property rezoned from R-7, Residential Single-Family District, to INPUD, Institutional Planned Unit Development District;

WHEREAS, the City Planning Commission, after giving proper notice to all concerned as required by §36.2-540, Code of the City of Roanoke (1979), as amended, and after conducting a public hearing on the matter, has made its recommendation to City Council;

WHEREAS, a public hearing was held by City Council on such application at its meeting on September 18, 2006, after due and timely notice thereof as required by §36.2-540, Code of the City of Roanoke (1979), as amended, at which hearing all parties in interest and citizens were given an opportunity to be heard, both for and against the proposed rezoning; and

WHEREAS, this Council, after considering the aforesaid application, the recommendation made to City Council by the Planning Commission, the City's Comprehensive Plan, and the matters presented at the public hearing, finds that the public necessity, convenience, general welfare and good zoning practice, require the rezoning of the subject property, and for those reasons, is of the opinion that the hereinafter described property should be rezoned as herein provided.

THEREFORE, BE IT ORDAINED by the Council of the City of Roanoke that:

1. Section 36.2-100, Code of the City of Roanoke (1979), as amended, and the Official Zoning Map, City of Roanoke, Virginia, dated December 5, 2005, as amended, be amended to reflect that Official Tax Map No. 2480115, located at 2905 Cove Road, N.W., be, and is hereby, rezoned from R-7, Residential Single Family District, to INPUD, Institutional Planned Unit Development District, as set forth in the Second Amended Petition to Rezone filed in the Office of the City Clerk on August 9, 2006.

2. Pursuant to the provisions of Section 12 of the City Charter, the second reading of this ordinance by title is hereby dispensed with.

ATTEST:

City Clerk.

WOODS ROGERS ^P_L_C

A T T O R N E Y S A T L A W

GEORGE J. A. CLEMO
540 983-7728
clemo@woodsrogers.com

September 11, 2006

City Council
City of Roanoke, Virginia
Roanoke, Virginia

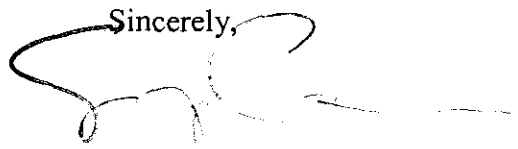
Re: Resolution Authorizing the Issuance of Not to Exceed \$2,100,000 General
Obligation School Bonds of the City of Roanoke, Virginia, Series 2006-A for
Monterey Elementary School

Gentlemen and Ms. Mason:

Our firm serves as bond counsel to the City and Roanoke City Schools in connection with certain school bond financings. On August 17, 2006, Roanoke City Schools filed an application to the Virginia Public School Authority (VPSA) for bond financing of up to \$2,100,000 for capital improvements at Monterey Elementary School. At its August 21, 2006, meeting, Council authorized publication of a notice for the public hearing required under the Public Finance Act before the bonds can be issued. The required notice of public hearing was published in the *Roanoke Times*, on August 25 and September 1, 2006, and a public hearing on the proposed bond issue will held before Council on September 18, 2006 (immediately prior to your consideration of the attached resolution).

I attach a final bond resolution for this school bond financing for your consideration. The resolution approves the details of the bonds, including an estimated debt service schedule and related documents, and authorizes and directs the Mayor or the Vice Mayor and the Clerk or any Deputy Clerk of the City to execute and deliver the bond to the Virginia Public School Authority. Following adoption of the resolutions, the financing is expected to be finalized and proceeds available to the City on or around November 9, 2006.

Sincerely,



George J. A. Clemo

City Council

Page 2

cc: William Hackworth, City Attorney
Timothy Spencer, Assistant City Attorney
Kenneth L. Mundy, Jr., Director for Fiscal Services, Roanoke City Schools

[Non-Subsidy]
[Monterey]

Resolution No.

**RESOLUTION AUTHORIZING THE ISSUANCE OF NOT TO EXCEED
\$2,100,000 GENERAL OBLIGATION SCHOOL BONDS
OF THE CITY OF ROANOKE, VIRGINIA, SERIES 2006-A,
TO BE SOLD TO THE VIRGINIA PUBLIC SCHOOL AUTHORITY
AND PROVIDING FOR THE FORM AND DETAILS THEREOF.**

WHEREAS, the City Council (the "Council") of the City of Roanoke, Virginia (the "City"), has determined that it is necessary and expedient to borrow an amount not to exceed \$2,000,000 and to issue its general obligation school bonds for the purpose of financing certain capital projects for school purposes; and

WHEREAS, the City held a public hearing, duly noticed, on September 18, 2006, on the issuance of the Bonds (as defined below) in accordance with the requirements of Section 15.2-2606, Code of Virginia 1950, as amended (the "Virginia Code"); and

WHEREAS, the Bond Sale Agreement (as defined below) shall indicate that \$2,000,000 is the amount of proceeds requested (the "Proceeds Requested") from the Virginia Public School Authority (the "VPSA") in connection with the sale of the Bonds; and

WHEREAS, the VPSA's objective is to pay the City a purchase price for the Bonds which, in VPSA's judgment, reflects the Bonds' market value (the "VPSA Purchase Price Objective"), taking consideration of such factors as the amortization schedule the City has requested for the Bonds relative to the amortization schedules requested by other localities, the purchase price to be received by VPSA for its bonds and other market conditions relating to the sale of the VPSA's bonds; and

WHEREAS, such factors may result in the Bonds having a purchase price other than par and consequently (i) the City may have to issue a principal amount of Bonds that is greater than or less than the Proceeds Requested in order to receive an amount of proceeds that is substantially equal to the Proceeds Requested, or (ii) if the maximum authorized principal amount of the Bonds set forth in section 1 below does not exceed the Proceeds Requested by at least the amount of any discount, the purchase price to be paid to the City, given the VPSA Purchase Price Objective and market conditions, will be less than the Proceeds Requested.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ROANOKE, VIRGINIA:

1 Authorization of Bonds and Use of Proceeds. The Council hereby determines that it is

advisable to contract a debt and issue and sell its general obligation school bonds in an aggregate principal amount not to exceed \$2,100,000 (the "Bonds") for the purpose of financing certain capital projects for school purposes as described in Exhibit B. The Council hereby authorizes the issuance and sale of the Bonds in the form and upon the terms established pursuant to this Resolution.

2 Sale of the Bonds. It is determined to be in the best interest of the City to accept the offer of the VPSA to purchase from the City, and to sell to the VPSA, the Bonds at a price, determined by the VPSA to be fair and accepted by the Mayor and the City Manager, or either of them that is substantially equal to the Proceeds Requested, except that the Bonds may be sold for a purchase price not lower than 95% of the Proceeds Requested if issuing the Bonds in the maximum principal amount authorized by Section 1 of this Resolution is insufficient, given the VPSA Purchase Price Objective and market conditions, to generate an amount of proceeds substantially equal to the Proceeds Requested. The Mayor, the City Manager, or either of them and such other officer or officers of the City as either may designate are hereby authorized and directed to enter into a Bond Sale Agreement dated September 27, 2006, with the VPSA providing for the sale of the Bonds to the VPSA. The agreement shall be in substantially the form submitted to the Council at this meeting, which form is hereby approved (the "Bond Sale Agreement").

3 Details of the Bonds. The Bonds shall be dated the date of issuance and delivery of the Bonds; shall be designated "General Obligation School Bonds, Series 2006-A"; shall bear interest from the date of delivery thereof payable semi-annually on each January 15 and July 15 beginning July 15, 2007 (each an "Interest Payment Date"), at the rates established in accordance with Section 4 of this Resolution; and shall mature on July 15 in the years (each a "Principal Payment Date") and in the amounts set forth on Schedule I attached hereto (the "Principal Installments"), subject to the provisions of Section 4 of this Resolution.

4 Interest Rates and Principal Installments. The City Manager is hereby authorized and directed to accept the interest rates on the Bonds established by the VPSA, provided that each interest rate shall be ten one-hundredths of one percent (0.10%) over the interest rate to be paid by the VPSA for the corresponding principal payment date of the bonds to be issued by the VPSA (the "VPSA Bonds"), a portion of the proceeds of which will be used to purchase the Bonds, and provided further that the true interest cost of the Bonds does not exceed five and fifty one-hundredths percent (5.50 %) per annum. The Interest Payment Dates and the Principal Installments are subject to change at the request of the VPSA. The City Manager is hereby authorized and directed to accept changes in the Interest Payment Dates and the Principal Installments at the request of the VPSA, provided that the aggregate principal amount of the Bonds shall not exceed the amount authorized by this Resolution. The execution and delivery of the Bonds as described in Section 8 hereof shall conclusively evidence such interest rates established by the VPSA and Interest Payment Dates and the Principal Installments requested by the VPSA as having been so accepted as authorized by this Resolution.

5 **Form of the Bonds.** The Bonds shall be initially in the form of a single, temporary typewritten bond substantially in the form attached hereto as Exhibit A.

6 **Payment; Paying Agent and Bond Registrar.** The following provisions shall apply to the Bonds:

(a) For as long as the VPSA is the registered owner of the Bonds, all payments of principal, premium, if any, and interest on the Bonds shall be made in immediately available funds to the VPSA at, or before 11:00 a.m. on the applicable Interest Payment Date, Principal Payment Date or date fixed for prepayment or redemption, or if such date is not a business day for Virginia banks or for the Commonwealth of Virginia, then at or before 11:00 a.m. on the business day next preceding such Interest Payment Date, Principal Payment Date or date fixed for prepayment or redemption.

(b) All overdue payments of principal and, to the extent permitted by law, interest shall bear interest at the applicable interest rate or rates on the Bonds.

(c) Regions Bank, Richmond, Virginia, is designated as Bond Registrar and Paying Agent for the Bonds.

7 **Prepayment or Redemption.** The Principal Installments of the Bonds held by the VPSA coming due on or before July 15, 2016, and the definitive Bonds for which the Bonds held by the VPSA may be exchanged that mature on or before July 15, 2016, are not subject to prepayment or redemption prior to their stated maturities. The Principal Installments of the Bonds held by the VPSA coming due after July 15, 2016, and the definitive bonds for which the Bonds held by the VPSA may be exchanged that mature after July 15, 2016, are subject to prepayment or redemption at the option of the City prior to their stated maturities in whole or in part, on any date on or after July 15, 2016, upon payment of the prepayment or redemption prices (expressed as percentages of Principal Installments to be prepaid or the principal amount of the Bonds to be redeemed) set forth below plus accrued interest to the date set for prepayment or redemption:

<u>Dates</u>	<u>Prices</u>
July 15, 2016 through July 14, 2017	101%
July 15, 2017 through July 14, 2018	100½
July 15, 2018 and thereafter	100

Provided, however, that the Bonds shall not be subject to prepayment or redemption prior to their stated maturities as described above without first obtaining the written consent of the VPSA or the registered owner of the Bonds. Notice of any such prepayment or redemption shall be given by the Bond Registrar to the registered owner by registered mail not more than ninety (90) and not less than sixty (60) days before the date fixed for prepayment or redemption.

8 **Execution of the Bonds.** The Mayor or Vice Mayor and the Clerk or any Deputy Clerk of the Council are authorized and directed to execute and deliver the Bonds and to affix the seal of the City thereto.

9 **Pledge of Full Faith and Credit.** For the prompt payment of the principal of, premium, if any, and the interest on the Bonds as the same shall become due, the full faith and credit of the City are hereby irrevocably pledged, and in each year while any of the Bonds shall be outstanding there shall be levied and collected in accordance with law an annual ad valorem tax upon all taxable property in the City subject to local taxation sufficient in amount to provide for the payment of the principal of and premium, if any, and the interest on the Bonds as such principal, premium, if any, and interest shall become due, which tax shall be without limitation as to rate or amount and in addition to all other taxes authorized to be levied in the City to the extent other funds of the City are not lawfully available and appropriated for such purpose.

10 **Use of Proceeds Certificate and Certificate as to Arbitrage.** The Mayor, the City Manager and such other officer or officers of the City as either may designate are hereby authorized and directed to execute a Certificate as to Arbitrage and a Use of Proceeds Certificate each setting forth the expected use and investment of the proceeds of the Bonds and containing such covenants as may be necessary in order to show compliance with the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and applicable regulations relating to the exclusion from gross income of interest on the Bonds and on the VPSA Bonds. The Council covenants on behalf of the City that (i) the proceeds from the issuance and sale of the Bonds will be invested and expended as set forth in such Certificate as to Arbitrage and such Use of Proceeds Certificate and that the City shall comply with the other covenants and representations contained therein and (ii) the City shall comply with the provisions of the Code so that interest on the Bonds and on the VPSA Bonds will remain excludable from gross income for Federal income tax purposes.

11 **State Non-Arbitrage Program; Proceeds Agreement.** The Council hereby determines that it is in the best interests of the City to authorize and direct the City Treasurer to participate in the State Non-Arbitrage Program in connection with the Bonds. The Mayor, the City Manager and such officer or officers of the City as either may designate are hereby authorized and directed to execute and deliver a Proceeds Agreement with respect to the deposit and investment of proceeds of the Bonds by and among the City, the other participants in the sale of the VPSA Bonds, the VPSA, the investment manager and the depository, substantially in the form submitted to the Council at this meeting, which form is hereby approved.

12 **Continuing Disclosure Agreement.** The Mayor, the City Manager and such other officer or officers of the City as either may designate are hereby authorized and directed to execute a Continuing Disclosure Agreement, as set forth in Appendix E to the Bond Sale Agreement, setting forth the reports and notices to be filed by the City and containing such covenants as may be necessary in order to show compliance with the provisions of the Securities and Exchange

Commission Rule 15c2-12, under the Securities Exchange Act of 1934, as amended, and directed to make all filings required by Section 3 of the Bond Sale Agreement should the City be determined by the VPSA to be a MOP (as defined in the Continuing Disclosure Agreement).

13 **Filing of Resolution.** The appropriate officers or agents of the City are hereby authorized and directed to cause a certified copy of this Resolution to be filed with the Circuit Court of the City.

14 **Further Actions.** The members of the Council and all officers, employees and agents of the City are hereby authorized to take such action as they or any one of them may consider necessary or desirable in connection with the issuance and sale of the Bonds and any such action previously taken is hereby ratified and confirmed.

15 **Effective Date.** This Resolution shall take effect immediately.

* * *

The undersigned Clerk of the City of Roanoke, Virginia, hereby certifies that the foregoing constitutes a true and correct extract from the minutes of a meeting of the City Council held on September 18, 2006, and of the whole thereof so far as applicable to the matters referred to in such extract. I hereby further certify that such meeting was a regularly scheduled meeting and that, during the consideration of the foregoing resolution, a quorum was present and that the attendance and voting of the members in attendance on the foregoing resolution were as follows:

	Present	Absent	Aye	Nay	Abstain
C. Nelson Harris, Mayor	_____	_____	_____	_____	_____
David B. Trinkle, Vice Mayor	_____	_____	_____	_____	_____
Alfred T. Dowe, Jr.	_____	_____	_____	_____	_____
Beverly T. Fitzpatrick, Jr.	_____	_____	_____	_____	_____
Sherman P. Lea	_____	_____	_____	_____	_____
Gwendolyn W. Mason	_____	_____	_____	_____	_____
Brian J. Wishneff	_____	_____	_____	_____	_____

WITNESS MY HAND and the seal of the City of Roanoke, Virginia, this ____ day of September, 2006.

Clerk,
City of Roanoke, Virginia

[SEAL]

EXHIBIT A
(FORM OF TEMPORARY BOND)

NO. TR-1

\$ _____

**UNITED STATES OF AMERICA
COMMONWEALTH OF VIRGINIA
CITY OF ROANOKE
General Obligation School Bond
Series 2006-A**

The **CITY OF ROANOKE, VIRGINIA** (the "City"), for value received, hereby acknowledges itself indebted and promises to pay to the **VIRGINIA PUBLIC SCHOOL AUTHORITY** the principal amount of _____ DOLLARS (\$ _____), in annual installments in the amounts set forth on Schedule I attached hereto payable on July 15, 2007 and annually on July 15 thereafter to and including July 15, 20__ (each a "Principal Payment Date"), together with interest from the date of this Bond on the unpaid installments, payable semi-annually on January 15 and July 15 of each year, commencing on July 15, 2007 (each an "Interest Payment Date"; together with any Principal Payment Date, a "Payment Date"), at the rates per annum set forth on Schedule I attached hereto, subject to prepayment or redemption as hereinafter provided. Both principal of and interest on this Bond are payable in lawful money of the United States of America.

For as long as the Virginia Public School Authority is the registered owner of this Bond,

Regions Bank, as bond registrar (the "Bond Registrar"), shall make all payments of principal, premium, if any, and interest on this Bond, without the presentation or surrender hereof, to the Virginia Public School Authority, in immediately available funds at or before 11:00 a.m. on the applicable Payment Date or date fixed for prepayment or redemption. If a Payment Date or date fixed for prepayment or redemption is not a business day for banks in the Commonwealth of Virginia or for the Commonwealth of Virginia, then the payment of principal, premium, if any, or interest on this Bond shall be made in immediately available funds at or before 11:00 a.m. on the business day next preceding the scheduled Payment Date or date fixed for prepayment or redemption. Upon receipt by the registered owner of this Bond of said payments of principal, premium, if any, and interest, written acknowledgment of the receipt thereof shall be given promptly to the Bond Registrar, and the City shall be fully discharged of its obligation on this Bond to the extent of the payment so made. Upon final payment, this Bond shall be surrendered to the Bond Registrar for cancellation.

The full faith and credit of the City are irrevocably pledged for the payment of the principal of and the premium, if any, and interest on this Bond. The resolution adopted by the City Council authorizing the issuance of the Bonds provides, and Section 15.2-2624, Code of Virginia 1950, as amended, requires, that there shall be levied and collected an annual tax upon all taxable property in the City subject to local taxation sufficient to provide for the payment of the principal, premium, if any, and interest on this Bond as the same shall become due which tax shall be without limitation as to rate or amount and shall be in addition to all other taxes authorized to be levied in the City to the extent other funds of the City are not lawfully available and appropriated for such purpose.

This Bond is duly authorized and issued in compliance with and pursuant to the Constitution and laws of the Commonwealth of Virginia, including the Public Finance Act of 1991, Chapter 26, Title 15.2, Code of Virginia 1950, as amended, and resolutions duly adopted by the City Council and the School Board of the City to provide funds for capital projects for school purposes.

This Bond may be exchanged without cost, on twenty (20) days written notice from the Virginia Public School Authority, at the office of the Bond Registrar on one or more occasions for one or more temporary bonds or definitive bonds in marketable form and, in any case, in fully registered form, in denominations of \$5,000 and whole multiples thereof, and having an equal aggregate principal amount, having principal installments or maturities and bearing interest at rates corresponding to the maturities of and the interest rates on the installments of principal of this Bond then unpaid. This Bond is registered in the name of the Virginia Public School Authority on the books of the City kept by the Bond Registrar, and the transfer of this Bond may be effected by the registered owner of this Bond only upon due execution of an assignment by such registered owner. Upon receipt of such assignment and the surrender of this Bond, the Bond Registrar shall exchange this Bond for definitive Bonds as hereinabove provided, such definitive Bonds to be registered on such registration books in the name of the assignee or assignees named in such assignment.

The principal installments of this Bond coming due on or before July 15, 2016 and the definitive Bonds for which this Bond may be exchanged that mature on or before July 15, 2016, are not subject to prepayment or redemption prior to their stated maturities. The principal installments of this Bond coming due after July 15, 2016, and the definitive Bonds for which this Bond may be

exchanged that mature after July 15, 2016, are subject to prepayment or redemption at the option of the City prior to their stated maturities in whole or in part, on any date on or after July 15, 2016, upon payment of the prepayment or redemption prices (expressed as percentages of principal installments to be prepaid or the principal amount of the Bonds to be redeemed) set forth below plus accrued interest to the date set for prepayment or redemption:

<u>Dates</u>	<u>Prices</u>
July 15, 2016 through July 14, 2017	101%
July 15, 2017 through July 14, 2018	100½
July 15, 2018 and thereafter	100

Provided, however, that the Bonds shall not be subject to prepayment or redemption prior to their stated maturities as described above without the prior written consent of the registered owner of the Bonds. Notice of any such prepayment or redemption shall be given by the Bond Registrar to the registered owner by registered mail not more than ninety (90) and not less than sixty (60) days before the date fixed for prepayment or redemption.

All acts, conditions and things required by the Constitution and laws of the Commonwealth of Virginia to happen, exist or be performed precedent to and in the issuance of this Bond have happened, exist and have been performed in due time, form and manner as so required, and this Bond, together with all other indebtedness of the City, is within every debt and other limit prescribed by the Constitution and laws of the Commonwealth of Virginia.

IN WITNESS WHEREOF, the City Council of the City of Roanoke, Virginia has caused this Bond to be issued in the name of the City of Roanoke, Virginia, to be signed by its Mayor or Vice-Mayor, its seal to be affixed hereto and attested by the signature of its Clerk or any of its Deputy Clerks, and this Bond to be dated _____, 2006.

CITY OF _____,
VIRGINIA

(SEAL)

ATTEST:

Clerk, City of
Roanoke, Virginia

Mayor, City of
Roanoke, Virginia

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING ZIP CODE, OF ASSIGNEE)

PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFYING NUMBER OF ASSIGNEE: _____

the within Bond and irrevocably constitutes and appoints

_____ attorney to exchange said Bond for definitive bonds in lieu of which this Bond is issued and to register the transfer of such definitive bonds on the books kept for registration thereof, with full power of substitution in the premises.

Date: _____

Signature Guaranteed: _____

(NOTICE: Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Bond Registrar which requirements will include Membership or participation in STAMP or such other "signature guarantee program" as may be determined by the Bond Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Registered Owner
(NOTICE: The signature above must correspond with the name of the Registered Owner as it appears on the front of this Bond in every particular, without alteration or change.)

SCHEDULE I

City of Roanoke
Non-Subsidized Local School Bond

	Principal	Rate	Interest	Total	Fiscal Total
7/15/2007	\$100,000	3.800%	\$57,434.17	\$157,434.17	
1/15/2008	0		40,125.00	40,125.00	\$197,559.17
7/15/2008	100,000	3.800%	40,125.00	140,125.00	
1/15/2009	0		38,225.00	38,225.00	178,350.00
7/15/2009	100,000	3.850%	38,225.00	138,225.00	
1/15/2010	0		36,300.00	36,300.00	174,525.00
7/15/2010	100,000	3.850%	36,300.00	136,300.00	
1/15/2011	0		34,375.00	34,375.00	170,675.00
7/15/2011	100,000	3.850%	34,375.00	134,375.00	
1/15/2012	0		32,450.00	32,450.00	166,825.00
7/15/2012	100,000	4.100%	32,450.00	132,450.00	
1/15/2013	0		30,400.00	30,400.00	162,850.00
7/15/2013	100,000	4.100%	30,400.00	130,400.00	
1/15/2014	0		28,350.00	28,350.00	158,750.00
7/15/2014	100,000	4.100%	28,350.00	128,350.00	
1/15/2015	0		26,300.00	26,300.00	154,650.00
7/15/2015	100,000	4.100%	26,300.00	126,300.00	
1/15/2016	0		24,250.00	24,250.00	150,550.00
7/15/2016	100,000	4.600%	24,250.00	124,250.00	
1/15/2017	0		21,950.00	21,950.00	146,200.00
7/15/2017	100,000	4.600%	21,950.00	121,950.00	
1/15/2018	0		19,650.00	19,650.00	141,600.00
7/15/2018	100,000	4.350%	19,650.00	119,650.00	
1/15/2019	0		17,475.00	17,475.00	137,125.00
7/15/2019	100,000	4.350%	17,475.00	117,475.00	
1/15/2020	0		15,300.00	15,300.00	132,775.00
7/15/2020	100,000	4.350%	15,300.00	115,300.00	
1/15/2021	0		13,125.00	13,125.00	128,425.00
7/15/2021	100,000	4.350%	13,125.00	113,125.00	
1/15/2022	0		10,950.00	10,950.00	124,075.00
7/15/2022	100,000	4.350%	10,950.00	110,950.00	
1/15/2023	0		8,775.00	8,775.00	119,725.00
7/15/2023	100,000	4.350%	8,775.00	108,775.00	
1/15/2024	0		6,600.00	6,600.00	115,375.00
7/15/2024	100,000	4.400%	6,600.00	106,600.00	
1/15/2025	0		4,400.00	4,400.00	111,000.00
7/15/2025	100,000	4.400%	4,400.00	104,400.00	
1/15/2026	0		2,200.00	2,200.00	106,600.00
7/15/2026	100,000	4.400%	2,200.00	102,200.00	
1/15/2027	0		0.00	0.00	102,200.00
7/15/2027					
Debt Total	\$2,000,000.00		\$879,834.17	\$2,879,834.17	
Premium	-				
Grand Total	\$2,000,000.00				

Dated Date **11/9/2006**

EXHIBIT B

The proceeds of the Bonds will be used to finance the construction of certain capital improvements and the acquisition and installation of certain capital equipment for Monterey Elementary School (the "Project"), provided that any proceeds not needed for the Project may be expended on any other capital improvement for school purposes within the City.

VIRGINIA PUBLIC SCHOOL AUTHORITY

BOND SALE AGREEMENT

Name of Jurisdiction (the "Local Unit"): City of Roanoke, Virginia

Sale Date: The VPSA Sale Date (expected to be on or about October 11, 2006)

Closing Date: On or about November 9, 2006

Proceeds Requested: \$2,000,000

Maximum Authorized Par Amount: \$2,100,000

Amortization Period: 20 years

1. The Virginia Public School Authority ("VPSA") hereby offers to purchase, solely from the proceeds of the VPSA's bonds, your general obligation school bonds at a price, determined by the VPSA to be fair and accepted by you, that, subject to VPSA's *purchase price objective* and market conditions described below, is substantially equal to your Proceeds Requested set forth above (as authorized by your bond resolution). The sale of VPSA's bonds is tentatively scheduled for October 11, 2006 but may occur, subject to market conditions, at any time between October 2, 2006 and October 19, 2006 (the "VPSA Sale Date"). You acknowledge that VPSA has advised you that its objective is to pay you a purchase price for your bonds which in VPSA's judgment reflects their market value ("*purchase price objective*") taking into consideration such factors as the amortization schedule you have requested for your bonds relative to the amortization schedules requested by the other localities for their respective bonds, the purchase price received by VPSA for its bonds and other market conditions relating to the sale of the VPSA's bonds. You further acknowledge that VPSA has advised you that such factors may result in your bonds having a value other than par and that in order to receive an amount of proceeds that is substantially equal to your Proceeds Requested, you may need to issue a par amount of bonds that is greater or less than your Proceeds Requested. You, at the request of VPSA, agree to issue an amount of the local school bonds not in excess of the Maximum Authorized Par Amount to provide, to the fullest extent practicable given VPSA's *purchase price objective*, a purchase price for your bonds and a proceeds amount that is substantially equal to your Proceeds Requested. You acknowledge that the purchase price for your bonds will be less than the Proceeds Requested should the Maximum Authorized Par Amount be insufficient, based upon VPSA's *purchase price objective*, to generate an amount of proceeds substantially equal to your Proceeds Requested.
2. You represent that on or before September 27, 2006, your local governing body will have duly authorized the issuance of your bonds by adopting a resolution in the form attached hereto as Appendix B (the "local resolution") and that your bonds will be in the form set forth in the local resolution. Any changes that you or your counsel wish to make to the form of the local resolution and/or your bonds must be approved by the VPSA prior to adoption of the local

resolution by your local governing body.

3. You hereby covenant that you will comply with and carry out all of the provisions of the Continuing Disclosure Agreement in the form attached hereto as Appendix E, which agreement is hereby incorporated by reference herein and expressly made a part hereof for all purposes. The VPSA has defined a Material Obligated Person ("MOP") for purposes of the Continuing Disclosure Agreement as any Local Issuer the principal amount of whose local school bonds pledged under VPSA's 1997 Resolution comprises more than 10% of the total principal amount of all outstanding 1997 Resolution bonds. MOP status will be determined by adding the principal amount of your local school bonds to be sold to the VPSA and the principal amount of your local bonds previously sold to the VPSA and currently pledged under VPSA's 1997 Resolution and measuring the total against 10% of the face value of all bonds outstanding as of the Closing Date under VPSA's 1997 Resolution. If you are or may be a MOP, the VPSA will require that you file all the information described in the following paragraph prior to VPSA's distributing its Preliminary Official Statement, currently scheduled for October 2, 2006.

You acknowledge that if you are, or in the sole judgment of VPSA may be, a MOP following the issuance of your local school bonds that are the subject of this Bond Sale Agreement, the VPSA will include by specific reference in its Preliminary Official Statements and final Official Statements (for this sale and, if you remain a MOP or become a MOP again after ceasing to be a MOP, for applicable future sales) the information respecting you ("Your Information") that is on file with the Nationally Recognized Municipal Securities Information Repositories or their respective successors ("NRMSIRs") and the Municipal Securities Rulemaking Board or its successors ("MSRB"). Accordingly, if VPSA has determined that you are at any time a MOP (I) following the delivery of your local school bonds to the VPSA in connection with this sale, or (II) during the course of any future sale, whether or not you are a participant in such sale, you hereby represent and covenant to the VPSA that you will file such additional information, if any, as is required so that Your Information, as of each of (I)(A) the date of the VPSA's applicable Preliminary Official Statement (in the case of this sale, expected to be October 2, 2006), (B) the date of the VPSA's applicable final Official Statement (in the case of this sale, expected to be October 11, 2006) and (C) the date of delivery of the applicable VPSA bonds (in the case of this sale, expected to be November 9, 2006) and (II) such other dates associated with future sales as VPSA may specify to you, will be true and correct and will not contain any untrue statement of a material fact or omit to state a material fact which should be included in Your Information for the purpose for which it is included by specific reference in VPSA's official statement or which is necessary to make the statements contained in such information, in light of the circumstances under which they were made, not misleading. You further agree to furnish to the VPSA a copy of all filings you make with NRMSIRs and the MSRB subsequent to the date of this Agreement. Such copy will be furnished to the VPSA on or before the day that any such filing is made.

The VPSA will advise you within 60 days after the end of each fiscal year if you were a MOP as of the end of such fiscal year. Upon written request, the VPSA will also advise you of your status as a MOP as of any other date. You hereby covenant that you will provide the certificate described in clause (e) of Section 4 below if VPSA includes Your Information by specific reference in its disclosure documents in connection with this sale or any future sale, whether or

not you are a participant in such sale.

4. VPSA's commitment to purchase your bonds is contingent upon (I) VPSA's receipt on the Closing Date of (a) your bonds which shall include and otherwise meet the Standard Terms and Conditions contained in Appendix A hereto, (b) certified copies of the local resolution (see Appendix B attached hereto), , (c) an executed agreement, among VPSA, you and the other local units simultaneously selling their bonds to VPSA, the depository and the investment manager for the State Non-Arbitrage Program ("SNAP"), providing for the custody, investment and disbursement of the proceeds of your bonds and the other *general obligation school bonds*, and the payment by you and the other local units of the allocable, associated costs of compliance with the Internal Revenue Code of 1986, as amended, and any costs incurred in connection with your participation in SNAP (the "Proceeds Agreement"), (d) an executed copy of the Use of Proceeds Certificate in the form attached hereto as Appendix C, (e) if the VPSA has included by specific reference Your Information into the VPSA Preliminary and final Official Statement: your certificate dated the date of the delivery of the VPSA's bonds to the effect that (i) Your Information was as of the date of the VPSA's Preliminary and final Official Statements, and is as of the date of the certificate, true and correct and did not and does not contain an untrue statement of a material fact or omit to state a material fact which should be included in Your Information for the purpose for which it is included by specific reference in or which is necessary to make the statements contained in such information, in light of the circumstances under which they were made, not misleading, and (ii) you have complied with your undertakings regarding the amendments adopted on November 10, 1994 to Rule 15c2-12 under the Securities Exchange Act of 1934, as amended, (f) an *approving legal opinion* from your bond counsel in form satisfactory to VPSA as to the validity of the bonds and the exclusion from gross income for federal and Virginia income tax purposes of the interest on your bonds, the conformity of the terms and provisions of your bonds to the requirements of this Bond Sale Agreement including the appendices attached hereto, and the due authorization, execution and delivery of this Bond Sale Agreement, Continuing Disclosure Agreement and the Proceeds Agreement, and the validity of the Continuing Disclosure Agreement and the Proceeds Agreement, (g) a transcript of the other customary closing documents not listed above, and (h) the proceeds of VPSA's bonds, (II) if you will be using the proceeds of your bonds to retire a bond anticipation note, certificate of participation or other form of interim financing (the "Interim Security"), receipt by VPSA of (a) an opinion of your bond counsel that, as of the Closing Date, the Interim Security will have been paid in full or defeased according to the provisions of the instrument authorizing the Interim Security (in rendering such opinion bond counsel may rely on a letter or certificate of an accounting or financial professional as to any mathematical computations necessary for the basis for such opinion) and (b) an executed copy of the escrow deposit agreement/letter of instruction providing for the retirement of the Interim Security and (III) your compliance with the terms of this agreement. One complete original transcript of the documents listed above shall be provided by your counsel to Sidley Austin LLP, bond counsel to VPSA, on the Closing Date or, with VPSA's permission, as soon as practicable thereafter but in no event more than thirty (30) business days after the Closing Date.
5. Subject to the conditions described in Section 4 hereto, this Bond Sale Agreement shall become binding as of the later of the VPSA Sale Date and the date you execute this Bond Sale Agreement.

Dated as of September 27, 2006
Virginia Public School Authority

By: _____
Authorized VPSA Representative

Name of Jurisdiction: City of Roanoke, Virginia

By:

Name: Darlene L. Burcham

Title: City Manager

(For information only; not part of the Bond Sale Agreement.)

Please have the presiding officer, or other specifically designated agent, of your governing body execute **two (2) copies** of this Bond Sale Agreement and **return them, along with the tax questionnaire attached hereto as Appendix D, no later than close of business on September 27, 2006 to, Richard A. Davis, Public Finance Manager, Virginia Public School Authority, P. O. Box 1879, Richmond, Virginia 23218-1879 or by hand or courier service, James Monroe Building-3rd Floor, 101 N. 14th Street, Richmond, Virginia 23219. *The VPSA recommends the use of an overnight delivery service to ensure timely arrival of your documents.*** If your governing body or bond counsel requires more than one originally signed Bond Sale Agreement, please send the appropriate number; all but one will be returned at closing.

**APPENDIX A
to the Bond Sale Agreement**

STANDARD TERMS AND CONDITIONS

Described below are terms of the local school bonds which must be embodied in your bond resolution and bond form and other conditions which must be met in order for VPSA to purchase your local school bonds on the Closing Date. VPSA will not purchase local school bonds unless and until such terms are present in the related bond resolution and bond form adopted by your governing body and such conditions are met.

Interest and Principal Payments

Your bonds will bear interest from the Closing Date¹ set forth in the Bond Sale Agreement and will mature on July 15 of the years and in the amounts as established by VPSA. Your bonds will bear interest payable in installments due semiannually on January 15 and July 15. The first principal and interest installments will be payable on July 15, 2007. Your bonds will bear interest at rates 10 basis points (0.10%) above the actual rates on VPSA's bonds with corresponding principal payment dates.

Payment

For so long as the VPSA is the registered owner of your bonds,

- (i) the paying agent and bond registrar therefor shall be a bank or trust company qualified to serve as such, and

¹ *If VPSA does not purchase your local school bonds on the Closing Date due to your fault, VPSA will invest, in demand or overnight investments, the amount of its bond proceeds to be used to purchase your local school bonds. If you cure your failure to deliver your local school bonds within the sixty (60) day period following the Closing Date, the VPSA will purchase your local school bonds and your bonds will bear interest from the date of delivery and payment or other date satisfactory to the VPSA. You will, however, be required to pay to VPSA at your actual closing an amount equal to the positive difference, if any, between the amount of interest that would have accrued on your local school bonds from the Closing Date to your actual closing date and the lesser of the amount of interest income VPSA was able to earn, during such period, from the investment of its bond proceeds pending their use to purchase your bonds and the arbitrage yield on the VPSA's bonds.*

- (ii) all payments of principal, premium, if any, and interest shall be made in funds that shall be immediately available to the VPSA on or before 11:00 A.M. on the applicable interest or principal payment date, or date fixed for prepayment or redemption, or if such date is not a business day for banks in Virginia or for the Commonwealth, then on or before 11:00 A.M. on the business day preceding such scheduled due date. Overdue payments of principal and, to the extent permitted by law, interest shall bear interest at the applicable interest rates on your bonds.

Prepayment or Redemption

Bonds will be subject to redemption at the option of your governing body, subject to the consent of the VPSA or other registered owner. Your bond resolution shall provide for prepayment or redemption as follows:

The bonds maturing after July 15, 2016 are subject to optional prepayment or redemption prior to maturity by the issuer, from any available moneys, in whole or in part, on any date on or after July 15, 2016, at the following prepayment or redemption prices on the following prepayment or redemption dates, plus accrued interest to the date fixed for prepayment or redemption:

<u>Dates</u>	<u>Price</u>
July 15, 2016 through July 14, 2017	101%
July 15, 2017 through July 14, 2018	100½
July 15, 2018 and thereafter	100

Provided, however, that the bonds shall not be subject to prepayment or redemption prior to their respective maturities except with the prior written consent of the registered owner.

Notice of any such prepayment or redemption shall be given to the registered owner by registered mail at least 60, but not more than 90, days prior to the date fixed for prepayment or redemption.

Security

Your bonds must constitute valid and binding general obligations for the payment of which the full faith and credit of the local unit are irrevocably pledged, and all taxable property within the boundaries of the local unit must be subject to the levy of an ad valorem tax, over and above all other taxes and without limitation as to rate or amount, for the payment of the principal of, and premium, if any, and interest on the bonds to the extent other funds of the local unit are not lawfully available and appropriated for such purpose.

Tax Matters

You shall complete the Questionnaire attached hereto as Appendix D to the Bond Sale Agreement and send along with the Bond Sale Agreement for receipt no later than the close of business on September 27, 2006 to Richard A. Davis, Public Finance Manager, Virginia Public School Authority, either at P.O. Box 1879, Richmond, Virginia 23218-1879 or if delivered by hand to the James Monroe Building- 3rd Floor, 101 N. 14th Street, Richmond, Virginia 23219. You shall execute the Use of Proceeds Certificate in the form provided in Appendix C attached to the Bond Sale Agreement for receipt by the VPSA at least three business days prior to the Closing Date.²

No Composite Issue

You will covenant not to sell, without VPSA's consent, any general obligation bonds which are part of the same common plan of financing (and payable from the same source of funds) as your local school bonds, during the period beginning 15 days in advance of and ending 15 days after the VPSA Sale Date. As noted in the Bond Sale Agreement, the VPSA Sale Date is expected to be on or about October 11, 2006 but, subject to market conditions, may occur any time between October 2, 2006 and October 19, 2006.

Binding Commitment

Subject to the satisfaction of the conditions in Section 4 of the Bond Sale Agreement, the Bond Sale Agreement shall constitute a binding commitment of the Local Issuer to sell its Local School Bonds to VPSA as of the later of the VPSA Sale Date and the date the Local Issuer

² *VPSA requires that the Use of Proceeds Certificate be executed separately from the tax certificates prepared by your bond counsel. Your bond counsel may also prepare one or more tax certificates that contain some information found in the Use of Proceeds Certificate in addition to information such as your reasonable expectations as to meeting the requirements to any of the rebate exceptions.*

executes the Bond Sale Agreement.

Public Hearing and Notice

Before the final authorization of your issuance of the bonds by the governing body, the governing body must hold a public hearing on the proposed issue unless the issuance of such bonds has been approved at referendum. The notice of the hearing, meeting the requirements of Section 15.2-2606, Code of Virginia 1950, as amended, must be published once a week for 2 successive weeks (notices at least 7 days apart) in a newspaper published or having general circulation in your locality. The public hearing may not be held less than 6 nor more than 21 days after the date the second notice appears in the newspaper.

Delivery

VP SA will accept delivery of your bonds only in the form of a single, typewritten, temporary bond, in registered form, payable to VP SA. The form of the bond is included as Exhibit A to the resolution in Appendix B to the Bond Sale Agreement. On 20 days written notice from VP SA, you agree to deliver, at your expense, in exchange for the typewritten bond, on one or more occasions, one or more temporary bonds or definitive bonds in marketable form and, in any case, in fully registered form, in denominations of \$5,000 and whole multiples thereof, and having the same aggregate principal amount and accruing interest at the same rates as the bonds surrendered in exchange, as requested by VP SA.

Comprehensive Annual Financial Report

Annually for the life of your bonds, you will be required to submit a copy of your locality's Comprehensive Annual Financial Report ("CAFR") or annual audited financial statements to the rating agencies referenced below:

Moody's Investors Service, Inc.
Public Finance Department
Attention: Robert Kurtter
99 Church Street
New York, New York 10007

Fitch Ratings
Governmental Finance
Attention: Richard J. Raphael
One State Street Plaza
New York, New York 10004

[Non-Subsidy]
[Monterey]

**APPENDIX B
to the Bond Sale Agreement**

Resolution No. _____

**RESOLUTION AUTHORIZING THE ISSUANCE OF NOT TO EXCEED
\$2,100,000 GENERAL OBLIGATION SCHOOL BONDS
OF THE CITY OF ROANOKE, VIRGINIA, SERIES 2006-A,
TO BE SOLD TO THE VIRGINIA PUBLIC SCHOOL AUTHORITY
AND PROVIDING FOR THE FORM AND DETAILS THEREOF.**

WHEREAS, the City Council (the "Council") of the City of Roanoke, Virginia (the "City"), has determined that it is necessary and expedient to borrow an amount not to exceed \$2,000,000 and to issue its general obligation school bonds for the purpose of financing certain capital projects for school purposes; and

WHEREAS, the City held a public hearing, duly noticed, on September 18, 2006, on the issuance of the Bonds (as defined below) in accordance with the requirements of Section 15.2-2606, Code of Virginia 1950, as amended (the "Virginia Code"); and

WHEREAS, the Bond Sale Agreement (as defined below) shall indicate that \$2,000,000 is the amount of proceeds requested (the "Proceeds Requested") from the Virginia Public School Authority (the "VPSA") in connection with the sale of the Bonds; and

WHEREAS, the VPSA's objective is to pay the City a purchase price for the Bonds which, in VPSA's judgment, reflects the Bonds' market value (the "VPSA Purchase Price Objective"), taking consideration of such factors as the amortization schedule the City has requested for the Bonds relative to the amortization schedules requested by other localities, the purchase price to be received by VPSA for its bonds and other market conditions relating to the sale of the VPSA's bonds; and

WHEREAS, such factors may result in the Bonds having a purchase price other than par and consequently (i) the City may have to issue a principal amount of Bonds that is greater than or less than the Proceeds Requested in order to receive an amount of proceeds that is substantially equal to the Proceeds Requested, or (ii) if the maximum authorized principal amount of the Bonds set forth in section 1 below does not exceed the Proceeds Requested by at least the amount of any discount, the purchase price to be paid to the City, given the VPSA Purchase Price Objective and

market conditions, will be less than the Proceeds Requested.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF ROANOKE, VIRGINIA:

1 **Authorization of Bonds and Use of Proceeds.** The Council hereby determines that it is advisable to contract a debt and issue and sell its general obligation school bonds in an aggregate principal amount not to exceed \$2,100,000 (the "Bonds") for the purpose of financing certain capital projects for school purposes as described in Exhibit B. The Council hereby authorizes the issuance and sale of the Bonds in the form and upon the terms established pursuant to this Resolution.

2 **Sale of the Bonds.** It is determined to be in the best interest of the City to accept the offer of the VPSA to purchase from the City, and to sell to the VPSA, the Bonds at a price, determined by the VPSA to be fair and accepted by the Mayor and the City Manager, or either of them that is substantially equal to the Proceeds Requested, except that the Bonds may be sold for a purchase price not lower than 95% of the Proceeds Requested if issuing the Bonds in the maximum principal amount authorized by Section 1 of this Resolution is insufficient, given the VPSA Purchase Price Objective and market conditions, to generate an amount of proceeds substantially equal to the Proceeds Requested. The Mayor, the City Manager, or either of them and such other officer or officers of the City as either may designate are hereby authorized and directed to enter into a Bond Sale Agreement dated September 27, 2006, with the VPSA providing for the sale of the Bonds to the VPSA. The agreement shall be in substantially the form submitted to the Council at this meeting, which form is hereby approved (the "Bond Sale Agreement").

3 **Details of the Bonds.** The Bonds shall be dated the date of issuance and delivery of the Bonds; shall be designated "General Obligation School Bonds, Series 2006-A"; shall bear interest *from the date of delivery thereof payable semi-annually on each January 15 and July 15 beginning July 15, 2007* (each an "Interest Payment Date"), at the rates established in accordance with Section 4 of this Resolution; and shall mature on July 15 in the years (each a "Principal Payment Date") and in the amounts set forth on Schedule I attached hereto (the "Principal Installments"), subject to the provisions of Section 4 of this Resolution.

4 **Interest Rates and Principal Installments.** The City Manager is hereby authorized and directed to accept the interest rates on the Bonds established by the VPSA, provided that each interest rate shall be ten one-hundredths of one percent (0.10%) over the interest rate to be paid by the VPSA for the corresponding principal payment date of the bonds to be issued by the VPSA (the "VPSA Bonds"), a portion of the proceeds of which will be used to purchase the Bonds, and provided further that the true interest cost of the Bonds does not exceed five and fifty one-hundredths percent (5.50 %) per annum. The Interest Payment Dates and the Principal Installments are subject to change at the request of the VPSA. The City Manager is hereby authorized and

directed to accept changes in the Interest Payment Dates and the Principal Installments at the request of the VPSA, provided that the aggregate principal amount of the Bonds shall not exceed the amount authorized by this Resolution. The execution and delivery of the Bonds as described in Section 8 hereof shall conclusively evidence such interest rates established by the VPSA and Interest Payment Dates and the Principal Installments requested by the VPSA as having been so accepted as authorized by this Resolution.

5 **Form of the Bonds.** The Bonds shall be initially in the form of a single, temporary typewritten bond substantially in the form attached hereto as Exhibit A.

6 **Payment; Paying Agent and Bond Registrar.** The following provisions shall apply to the Bonds:

(a) For as long as the VPSA is the registered owner of the Bonds, all payments of principal, premium, if any, and interest on the Bonds shall be made in immediately available funds to the VPSA at, or before 11:00 a.m. on the applicable Interest Payment Date, Principal Payment Date or date fixed for prepayment or redemption, or if such date is not a business day for Virginia banks or for the Commonwealth of Virginia, then at or before 11:00 a.m. on the business day next preceding such Interest Payment Date, Principal Payment Date or date fixed for prepayment or redemption.

(b) All overdue payments of principal and, to the extent permitted by law, interest shall bear interest at the applicable interest rate or rates on the Bonds.

(c) Regions Bank, Richmond, Virginia, is designated as Bond Registrar and Paying Agent for the Bonds.

7 **Prepayment or Redemption.** The Principal Installments of the Bonds held by the VPSA coming due on or before July 15, 2016, and the definitive Bonds for which the Bonds held by the VPSA may be exchanged that mature on or before July 15, 2016, are not subject to prepayment or redemption prior to their stated maturities. The Principal Installments of the Bonds held by the VPSA coming due after July 15, 2016, and the definitive bonds for which the Bonds held by the VPSA may be exchanged that mature after July 15, 2016, are subject to prepayment or redemption at the option of the City prior to their stated maturities in whole or in part, on any date on or after July 15, 2016, upon payment of the prepayment or redemption prices (expressed as percentages of Principal Installments to be prepaid or the principal amount of the Bonds to be redeemed) set forth below plus accrued interest to the date set for prepayment or redemption:

<u>Dates</u>	<u>Prices</u>
July 15, 2016 through July 14, 2017	101%
July 15, 2017 through July 14, 2018	100½
July 15, 2018 and thereafter	100

Provided, however, that the Bonds shall not be subject to prepayment or redemption prior to their stated maturities as described above without first obtaining the written consent of the VPSA or the registered owner of the Bonds. Notice of any such prepayment or redemption shall be given by the Bond Registrar to the registered owner by registered mail not more than ninety (90) and not less than sixty (60) days before the date fixed for prepayment or redemption.

8 Execution of the Bonds. The Mayor or Vice Mayor and the Clerk or any Deputy Clerk of the Council are authorized and directed to execute and deliver the Bonds and to affix the seal of the City thereto.

9 Pledge of Full Faith and Credit. For the prompt payment of the principal of, premium, if any, and the interest on the Bonds as the same shall become due, the full faith and credit of the City are hereby irrevocably pledged, and in each year while any of the Bonds shall be outstanding there shall be levied and collected in accordance with law an annual ad valorem tax upon all taxable property in the City subject to local taxation sufficient in amount to provide for the payment of the principal of and premium, if any, and the interest on the Bonds as such principal, premium, if any, and interest shall become due, which tax shall be without limitation as to rate or amount and in addition to all other taxes authorized to be levied in the City to the extent other funds of the City are not lawfully available and appropriated for such purpose.

10 Use of Proceeds Certificate and Certificate as to Arbitrage. The Mayor, the City Manager and such other officer or officers of the City as either may designate are hereby authorized and directed to execute a Certificate as to Arbitrage and a Use of Proceeds Certificate each setting forth the expected use and investment of the proceeds of the Bonds and containing such covenants as may be necessary in order to show compliance with the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and applicable regulations relating to the exclusion from gross income of interest on the Bonds and on the VPSA Bonds. The Council covenants on behalf of the City that (i) the proceeds from the issuance and sale of the Bonds will be invested and expended as set forth in such Certificate as to Arbitrage and such Use of Proceeds Certificate and that the City shall comply with the other covenants and representations contained therein and (ii) the City shall comply with the provisions of the Code so that interest on the Bonds and on the VPSA Bonds will remain excludable from gross income for Federal income tax purposes.

11 State Non-Arbitrage Program; Proceeds Agreement. The Council hereby determines that it is in the best interests of the City to authorize and direct the City Treasurer to participate in the State Non-Arbitrage Program in connection with the Bonds. The Mayor, the City Manager and such officer or officers of the City as either may designate are hereby authorized and directed to execute and deliver a Proceeds Agreement with respect to the deposit and investment of proceeds of the Bonds by and among the City, the other participants in the sale of the VPSA Bonds, the VPSA, the investment manager and the depository, substantially in the form submitted to the Council at this meeting, which form is hereby approved.

12 **Continuing Disclosure Agreement.** The Mayor, the City Manager and such other officer or officers of the City as either may designate are hereby authorized and directed to execute a Continuing Disclosure Agreement, as set forth in Appendix E to the Bond Sale Agreement, setting forth the reports and notices to be filed by the City and containing such covenants as may be necessary in order to show compliance with the provisions of the Securities and Exchange Commission Rule 15c2-12, under the Securities Exchange Act of 1934, as amended, and directed to make all filings required by Section 3 of the Bond Sale Agreement should the City be determined by the VPSA to be a MOP (as defined in the Continuing Disclosure Agreement).

13 **Filing of Resolution.** The appropriate officers or agents of the City are hereby authorized and directed to cause a certified copy of this Resolution to be filed with the Circuit Court of the City.

14 **Further Actions.** The members of the Council and all officers, employees and agents of the City are hereby authorized to take such action as they or any one of them may consider necessary or desirable in connection with the issuance and sale of the Bonds and any such action previously taken is hereby ratified and confirmed.

15 **Effective Date.** This Resolution shall take effect immediately.

* * *

The undersigned Clerk of the City of Roanoke, Virginia, hereby certifies that the foregoing constitutes a true and correct extract from the minutes of a meeting of the City Council held on September 18, 2006, and of the whole thereof so far as applicable to the matters referred to in such extract. I hereby further certify that such meeting was a regularly scheduled meeting and that, during the consideration of the foregoing resolution, a quorum was present and that the attendance and voting of the members in attendance on the foregoing resolution were as follows:

	Present	Absent	Aye	Nay	Abstain
C. Nelson Harris, Mayor	_____	_____	_____	_____	_____
David B. Trinkle, Vice Mayor	_____	_____	_____	_____	_____
Alfred T. Dowe, Jr.	_____	_____	_____	_____	_____
Beverly T. Fitzpatrick, Jr.	_____	_____	_____	_____	_____
Sherman P. Lea	_____	_____	_____	_____	_____
Gwendolyn W. Mason	_____	_____	_____	_____	_____
Brian J. Wishneff	_____	_____	_____	_____	_____

WITNESS MY HAND and the seal of the City of Roanoke, Virginia, this ____ day of September, 2006.

Clerk,
City of Roanoke, Virginia

[SEAL]

EXHIBIT A
(FORM OF TEMPORARY BOND)

NO. TR-1

\$ _____

UNITED STATES OF AMERICA
COMMONWEALTH OF VIRGINIA
CITY OF ROANOKE
General Obligation School Bond
Series 2006-A

The **CITY OF ROANOKE, VIRGINIA** (the "City"), for value received, hereby acknowledges itself indebted and promises to pay to the **VIRGINIA PUBLIC SCHOOL AUTHORITY** the principal amount of _____ DOLLARS (\$_____), in annual installments in the amounts set forth on Schedule I attached hereto payable on July 15, 2007 and annually on July 15 thereafter to and including July 15, 20__ (each a "Principal Payment Date"), together with interest from the date of this Bond on the unpaid installments, payable semi-annually on January 15 and July 15 of each year, commencing on July 15, 2007 (each an "Interest Payment Date"; together with any Principal Payment Date, a "Payment Date"), at the rates per annum set forth on Schedule I attached hereto, subject to prepayment or redemption as hereinafter provided. Both principal of and interest on this Bond are payable in lawful money of the United States of America.

For as long as the Virginia Public School Authority is the registered owner of this Bond, Regions Bank, as bond registrar (the "Bond Registrar"), shall make all payments of principal, premium, if any, and interest on this Bond, without the presentation or surrender hereof, to the Virginia Public School Authority, in immediately available funds at or before 11:00 a.m. on the applicable Payment Date or date fixed for prepayment or redemption. If a Payment Date or date fixed for prepayment or redemption is not a business day for banks in the Commonwealth of Virginia or for the Commonwealth of Virginia, then the payment of principal, premium, if any, or interest on this Bond shall be made in immediately available funds at or before 11:00 a.m. on the business day next preceding the scheduled Payment Date or date fixed for prepayment or redemption. Upon receipt by the registered owner of this Bond of said payments of principal, premium, if any, and interest, written acknowledgment of the receipt thereof shall be given promptly to the Bond Registrar, and the City shall be fully discharged of its obligation on this Bond to the extent of the payment so made. Upon final payment, this Bond shall be surrendered to the Bond Registrar for cancellation.

The full faith and credit of the City are irrevocably pledged for the payment of the principal of and the premium, if any, and interest on this Bond. The resolution adopted by the City Council authorizing the issuance of the Bonds provides, and Section 15.2-2624, Code of Virginia 1950, as amended, requires, that there shall be levied and collected an annual tax upon all taxable property in the City subject to local taxation sufficient to provide for the payment of the principal, premium, if any, and interest on this Bond as the same shall become due which tax shall be without limitation as to rate or amount and shall be in addition to all other taxes authorized to be levied in the City to the

extent other funds of the City are not lawfully available and appropriated for such purpose.

This Bond is duly authorized and issued in compliance with and pursuant to the Constitution and laws of the Commonwealth of Virginia, including the Public Finance Act of 1991, Chapter 26, Title 15.2, Code of Virginia 1950, as amended, and resolutions duly adopted by the City Council and the School Board of the City to provide funds for capital projects for school purposes.

This Bond may be exchanged without cost, on twenty (20) days written notice from the Virginia Public School Authority, at the office of the Bond Registrar on one or more occasions for one or more temporary bonds or definitive bonds in marketable form and, in any case, in fully registered form, in denominations of \$5,000 and whole multiples thereof, and having an equal aggregate principal amount, having principal installments or maturities and bearing interest at rates corresponding to the maturities of and the interest rates on the installments of principal of this Bond then unpaid. This Bond is registered in the name of the Virginia Public School Authority on the books of the City kept by the Bond Registrar, and the transfer of this Bond may be effected by the registered owner of this Bond only upon due execution of an assignment by such registered owner. Upon receipt of such assignment and the surrender of this Bond, the Bond Registrar shall exchange this Bond for definitive Bonds as hereinabove provided, such definitive Bonds to be registered on such registration books in the name of the assignee or assignees named in such assignment.

The principal installments of this Bond coming due on or before July 15, 2016 and the definitive Bonds for which this Bond may be exchanged that mature on or before July 15, 2016, are not subject to prepayment or redemption prior to their stated maturities. The principal installments

of this Bond coming due after July 15, 2016, and the definitive Bonds for which this Bond may be exchanged that mature after July 15, 2016, are subject to prepayment or redemption at the option of the City prior to their stated maturities in whole or in part, on any date on or after July 15, 2016, upon payment of the prepayment or redemption prices (expressed as percentages of principal installments to be prepaid or the principal amount of the Bonds to be redeemed) set forth below plus accrued interest to the date set for prepayment or redemption:

<u>Dates</u>	<u>Prices</u>
July 15, 2016 through July 14, 2017	101%
July 15, 2017 through July 14, 2018	100½
July 15, 2018 and thereafter	100

Provided, however, that the Bonds shall not be subject to prepayment or redemption prior to their stated maturities as described above without the prior written consent of the registered owner of the Bonds. Notice of any such prepayment or redemption shall be given by the Bond Registrar to the registered owner by registered mail not more than ninety (90) and not less than sixty (60) days before the date fixed for prepayment or redemption.

All acts, conditions and things required by the Constitution and laws of the Commonwealth of Virginia to happen, exist or be performed precedent to and in the issuance of this Bond have happened, exist and have been performed in due time, form and manner as so required, and this Bond, together with all other indebtedness of the City, is within every debt and other limit prescribed by the Constitution and laws of the Commonwealth of Virginia.

IN WITNESS WHEREOF, the City Council of the City of Roanoke, Virginia has caused this Bond to be issued in the name of the City of Roanoke, Virginia, to be signed by its Mayor or

Vice-Mayor, its seal to be affixed hereto and attested by the signature of its Clerk or any of its Deputy Clerks, and this Bond to be dated _____, 2006.

CITY OF _____,
VIRGINIA

(SEAL)

ATTEST:

Clerk, City of
Roanoke, Virginia

Mayor, City of
Roanoke, Virginia

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned sells, assigns and transfers unto

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS, INCLUDING ZIP CODE, OF ASSIGNEE)

PLEASE INSERT SOCIAL SECURITY OR OTHER
IDENTIFYING NUMBER OF ASSIGNEE: _____

the within Bond and irrevocably constitutes and appoints

_____ attorney to exchange said Bond for definitive bonds in lieu of which this Bond is issued and to register the transfer of such definitive bonds on the books kept for registration thereof, with full power of substitution in the premises.

Date: _____

Signature Guaranteed:

(NOTICE: Signature(s) must be guaranteed by an "eligible guarantor institution" meeting the requirements of the Bond Registrar which requirements will include Membership or participation in STAMP or such other "signature guarantee program" as may be determined by the Bond Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.

Registered Owner

(NOTICE: The signature above must correspond with the name of the Registered Owner as it appears on the front of this Bond in every particular, without alteration or change.)

SCHEDULE I

City of Roanoke
Non-Subsidized Local School Bond

	Principal	Rate	Interest	Total	Fiscal Total
7/15/2007	\$100,000	3.800%	\$57,434.17	\$157,434.17	
1/15/2008	0		40,125.00	40,125.00	\$197,559.17
7/15/2008	100,000	3.800%	40,125.00	140,125.00	
1/15/2009	0		38,225.00	38,225.00	178,350.00
7/15/2009	100,000	3.850%	38,225.00	138,225.00	
1/15/2010	0		36,300.00	36,300.00	174,525.00
7/15/2010	100,000	3.850%	36,300.00	136,300.00	
1/15/2011	0		34,375.00	34,375.00	170,675.00
7/15/2011	100,000	3.850%	34,375.00	134,375.00	
1/15/2012	0		32,450.00	32,450.00	166,825.00
7/15/2012	100,000	4.100%	32,450.00	132,450.00	
1/15/2013	0		30,400.00	30,400.00	162,850.00
7/15/2013	100,000	4.100%	30,400.00	130,400.00	
1/15/2014	0		28,350.00	28,350.00	158,750.00
7/15/2014	100,000	4.100%	28,350.00	128,350.00	
1/15/2015	0		26,300.00	26,300.00	154,650.00
7/15/2015	100,000	4.100%	26,300.00	126,300.00	
1/15/2016	0		24,250.00	24,250.00	150,550.00
7/15/2016	100,000	4.600%	24,250.00	124,250.00	
1/15/2017	0		21,950.00	21,950.00	146,200.00
7/15/2017	100,000	4.600%	21,950.00	121,950.00	
1/15/2018	0		19,650.00	19,650.00	141,600.00
7/15/2018	100,000	4.350%	19,650.00	119,650.00	
1/15/2019	0		17,475.00	17,475.00	137,125.00
7/15/2019	100,000	4.350%	17,475.00	117,475.00	
1/15/2020	0		15,300.00	15,300.00	132,775.00
7/15/2020	100,000	4.350%	15,300.00	115,300.00	
1/15/2021	0		13,125.00	13,125.00	128,425.00
7/15/2021	100,000	4.350%	13,125.00	113,125.00	
1/15/2022	0		10,950.00	10,950.00	124,075.00
7/15/2022	100,000	4.350%	10,950.00	110,950.00	
1/15/2023	0		8,775.00	8,775.00	119,725.00
7/15/2023	100,000	4.350%	8,775.00	108,775.00	
1/15/2024	0		6,600.00	6,600.00	115,375.00
7/15/2024	100,000	4.400%	6,600.00	106,600.00	
1/15/2025	0		4,400.00	4,400.00	111,000.00
7/15/2025	100,000	4.400%	4,400.00	104,400.00	
1/15/2026	0		2,200.00	2,200.00	106,600.00
7/15/2026	100,000	4.400%	2,200.00	102,200.00	
1/15/2027	0		0.00	0.00	102,200.00
7/15/2027					
Debt Total	\$2,000,000.00		\$879,834.17	\$2,879,834.17	
Premium	-				
Grand Total	\$2,000,000.00				

Dated Date **11/9/2006**

EXHIBIT B

The proceeds of the Bonds will be used to finance the construction of certain capital improvements and the acquisition and installation of certain capital equipment for Monterey Elementary School (the "Project"), provided that any proceeds not needed for the Project may be expended on any other capital improvement for school purposes within the City.

**APPENDIX C
to the Bond Sale Agreement**

USE OF PROCEEDS CERTIFICATE FOR NEW MONEY

The \$_____ General Obligation School Bonds, Series 2006-A (the “Bonds”) issued by the City of Roanoke, Virginia (the “Issuer”) will be purchased by the Virginia Public School Authority (“VPSA”) from the proceeds of the VPSA's \$_____ School Financing Bonds (1997 Resolution), Series 2006 B (the “VPSA's Bonds”), pursuant to a Bond Sale Agreement dated as of September 27, 2006. The proceeds of the Bonds will be used to acquire, construct and equip public school facilities owned and/or operated by the school board for the Issuer (the “School Board”). The Issuer and the School Board each recognize that certain facts, estimates and representations set forth in the Certificate as to Arbitrage executed by VPSA in connection with the issuance of the VPSA's Bonds must be based on the representations and certifications of the Issuer and the School Board, upon which VPSA and Sidley Austin LLP, its bond counsel (“Bond Counsel”) rely, and that the exclusion from gross income for federal income tax purposes of the interest on the VPSA's Bonds depends on the use of proceeds of the VPSA's and the Issuer's Bonds. Accordingly, the Issuer and the School Board hereby covenant that:

Section 1. Description of Project. The proceeds of the Bonds, including investment income thereon (“proceeds”), will be used to finance the acquisition, construction, and equipping of public school facilities of the Issuer (the “Project”).

Section 2. Governmental Use of Proceeds. The Issuer and the School Board covenant the following with respect to the use of proceeds of the Bonds and the facilities financed therewith:

(a) In General.

(i) Private Business Use. No more than ten percent (10%) of the proceeds of the Bonds or the Project (based on the greatest of: (A) the cost allocated on the basis of space occupied, (B) the fair market value, or (C) the actual cost of construction) has been or, so long as the Bonds are outstanding, will be, used in the aggregate for any activities that constitute a “Private Use” (as such term is defined below in subsection (d) of this Section 2).

(ii) Private Security or Payment. No more than ten percent (10%) of the principal of or interest on the Bonds, under the terms thereof or any underlying arrangement, has been, or, so long as the Bonds are outstanding, will be, directly or indirectly, (A) secured by any interest in (I) property used for a Private Use or (II) payments in respect of such property or (B) derived from payments in respect of property used or to be used for a Private Use, whether or not such property is a part of the Project.

(b) No Disproportionate or Unrelated Use. With respect to private business use disproportionate to or not related to governmental use financed or refinanced with the proceeds of the Bonds, no more than five percent (5%) of the principal of or interest on such Bonds, under the terms thereof or any underlying arrangement, has been, or, so long as the Bonds are outstanding, will be, directly or indirectly, (x) secured by any interest in (I) property used for a Private Use or (II) payments in respect of such property or (y) derived from payments in respect of property used or to be used for a Private Use, whether or not such property is a part of the Project.

(c) No Private Loan Financing. No proceeds of the Bonds will be used to make or finance loans to any person other than to a state or local governmental unit.

(d) Definition of Private Use. For purposes of this Certificate, the term "Private Use" means any activity that constitutes a trade or business that is carried on by persons or entities other than state or local governmental entities. Any activity carried on by a person other than a natural person is treated as a trade or business. The leasing of property financed or refinanced with the proceeds of the Bonds or the access of a person other than a state or local governmental unit to property or services on a basis other than as a member of the general public shall constitute Private Use unless the Issuer obtains an opinion of Bond Counsel to the contrary. Use of property financed or refinanced with proceeds of the Bonds by any person, other than a state or local governmental unit, in its trade or business constitutes general public use only if the property is intended to be available and is in fact reasonably available for use on the same basis by natural persons not engaged in a trade or business ("General Public Use").

In most cases Private Use will occur only if a nongovernmental person has a special legal entitlement to use the financed or refinanced property under an arrangement with the Issuer or the School Board. Such a special legal entitlement would include ownership or actual or beneficial use of the Project pursuant to a lease, management or incentive payment contract, output contract, research agreement or similar arrangement. In the case of property that is not available for General Public Use, Private Use may be established solely on the basis of a special economic benefit to one or more nongovernmental persons. In determining whether special economic benefit gives rise to Private Use, it is necessary to consider all of the facts and circumstances, including one or more of the following factors:

- (i) whether the financed or refinanced property is functionally related or physically proximate to property used in the trade or business of a nongovernmental person;
- (ii) whether only a small number of nongovernmental persons receive the economic benefit; and
- (iii) whether the cost of the financed or refinanced property is treated as depreciable by the nongovernmental person.

As of the date hereof, no portion of the Project is leased (or will be so leased) by the Issuer or the School Board (or a related party or agent) to a person or entity other than a state or local governmental unit or to members of the general public for General Public Use.

(e) Management and Service Contracts. With respect to management and service contracts, the determination of whether a particular use constitutes Private Use under this Certificate shall be determined on the basis of applying Revenue Procedure 97-13, 1997-1 C. B. 632, as modified by Revenue Procedure 2001-39, 2001-2 C.B. 38 (collectively, "Revenue Procedure 97-13"). As of the date hereof, no portion of the proceeds derived from the sale of the Bonds is being used to finance or refinance property subject to contracts or other arrangements with persons or entities engaged in a trade or business (other than governmental units) that involve the management of property or the provision of services with respect to property financed or refinanced with proceeds of the Bonds that does not comply with the standards of Revenue Procedure 97-13.

For purposes of determining the nature of a Private Use, any arrangement that is properly characterized as a lease for federal income tax purposes is treated as a lease. Consequently, an arrangement that is referred to as a management or service contract may nevertheless be treated as a lease. In determining whether a management contract is properly characterized as a lease, it is necessary to consider all of the facts and circumstances, including the following factors:

- (i) the degree of control over the property that is exercised by a nongovernmental person; and
- (ii) whether a nongovernmental person bears risk of loss of the financed or refinanced property.

Section 3. Time Test and Due Diligence Test. The Issuer or the School Board have incurred or will incur within 6 months of the date hereof substantial binding obligations, which are not subject to contingencies within the control of the Issuer or the School Board or a related party, to third parties to expend at least 5% of the net sale proceeds of the Bonds on the Project. The Issuer and the School Board will proceed with due diligence to spend all of the proceeds of the Bonds within three years of the date hereof.

Section 4. Dispositions and Change in Use.

(a) No Sale or Disposition. The Issuer and the School Board expect to own and operate and do not expect to sell or otherwise dispose of the Project, or any component thereof, prior to the final maturity date of the VPSA's Bonds (August 1, [20__]).

(b) No Change in Use. The Issuer and the School Board represent, warrant and covenant that the facilities financed or refinanced with proceeds of the Bonds will be used for the governmental purpose of the Issuer and the School Board during the period of time the Bonds are outstanding, unless an opinion of Bond Counsel is received with respect to any proposed change in use of the Project.

Section 5. No Sinking or Pledged Funds. The Issuer and the School Board have not established and will not establish any funds or accounts that are reasonably expected to be used to pay debt service on the Bonds or that are pledged (including negative pledges) as collateral for the Bonds for which there is a reasonable assurance that amounts on deposit therein will be available to pay debt service on the Bonds if the Issuer or the School Board encounters financial difficulty.

Section 6. No Replacement Proceeds.

(a) In General. No portion of the proceeds of the Bonds will be used as a substitute for other funds that prior to the Issuer's resolving to proceed with the issuance of the Bonds was used or is to be used to pay any cost of the Project.

(b) Safe Harbor. In accordance with Section 1.148-1(c) of the Treasury Regulations regarding the safe harbor against the creation of "replacement proceeds", as of the date hereof, the weighted average maturity of the Bonds does not exceed 120% of the reasonably expected economic life of the Project financed thereby.

Section 7. No Refunding. The proceeds of the Bonds will not be used to provide for the payment of any principal of or interest on any obligations of the Issuer, other than the Bonds, incurred in the exercise of its borrowing power.

Section 8. Composite Issue. Except for the Issuer's General Obligation School Bonds, Series 2006-B, there are no other obligations of the Issuer that have been, or will be (a) sold within 15 days of VPSA's Bonds, (b) sold pursuant to the same plan of financing together with the Bonds, and (c) paid out of substantially the same source of funds as the Bonds.

Section 9. No Federal Guarantee. The Issuer and the School Board shall not take or permit any action that would cause (a) the payment of principal of or interest on the Bonds to be guaranteed, directly or indirectly, in whole or in part by the United States or any agency or instrumentality thereof or (b) 5 percent or more of the proceeds of the Bonds to be (i) used in making loans the payment of principal of or interest on which is guaranteed in whole or in part by the United States or any agency or instrumentality thereof or (ii) invested directly or indirectly in federally insured deposits or accounts (except as permitted under Section 149(b) of the Internal Revenue Code of 1986, as amended (the "Code"), or the regulations promulgated thereunder). The Issuer and the School Board have not, and will not enter into, any (i) long-term service contract with any federal governmental agency, (ii) service contract with any federal governmental agency under terms that are materially different from the terms of any contracts with any persons other than federal government agencies, and (iii) lease of property to any federal government agency that would cause the Bonds to be considered "federally guaranteed" within the meaning of Section 149(b) of the Code.

Section 10. No Hedge Bonds. The Issuer and the School each reasonably expects that all of the net sale proceeds of the Bonds will be used to pay the cost of the Project within three years of the date hereof. Furthermore, not more than 50 percent of the proceeds of the Bonds will be invested in Nonpurpose Investments (as such term is defined in Section 148(f)(6)(A) of the Code) having a substantially guaranteed yield for four years or more.

Section 11. No Overissuance. The total proceeds derived by the Issuer from the sale of the Bonds and anticipated investment earnings thereon do not exceed the total of the amounts necessary to finance the Project.

Section 12. Reimbursable Expenses. A portion of the proceeds of the Bonds to be applied to the cost of the Project will be used to reimburse the Issuer for expenditures incurred thereby with respect to the Project in anticipation of the issuance of the Bonds. The Issuer and

the School Board represent the following with respect to the costs of the Project to be reimbursed from the proceeds of the Bonds.

(a) Official Intent. The total amount of reimbursed costs incurred by the Issuer with respect to the Project is not expected to exceed \$533,297. Such expenditures were paid prior to the date hereof but no earlier than sixty (60) days prior to April 17, 2006, which is the date the Issuer or the School Board adopted its "official intent" declaration (the "Official Intent Declaration") in accordance with Section 1.150-2 of the Treasury Regulations. The Official Intent Declaration:

(i) was, on the date of its adoption, intended to constitute a written documentation on behalf of the Issuer that states that the Issuer reasonably expected to reimburse itself for such expenditures with the proceeds of a taxable or tax-exempt borrowing,

(ii) set forth a general description of the Project, and

(iii) stated the maximum principal amount of debt expected to be issued for the Project.

Neither the Issuer nor the School Board has taken any action subsequent to the expression of such intent that would contradict or otherwise be inconsistent with such intent.

(b) Reasonable Official Intent. As of the date of the Official Intent Declaration, the Issuer reasonably expected to reimburse such expenditures with the proceeds of a borrowing. The Issuer does not have a pattern of failing to reimburse expenditures for which an intention to reimburse such expenditures was declared and which were actually paid by the Issuer other than in circumstances that were unexpected and beyond the control of the Issuer.

(c) Reimbursement Period Requirement. The proceeds derived from the sale of the Bonds to be applied to reimburse the above-described expenditures will be so applied no later than the later of the date that is (i) eighteen (18) months after the date on which the expenditure being reimbursed was paid, or (ii) eighteen (18) months after the date on which the portion of the Project to which such expenditure relates was placed in service (within the meaning of Section 1.150-2 of the Treasury Regulations) or abandoned. The Issuer shall not, however, use Bond proceeds to reimburse the above-described expenditures later than three (3) years after the date the original expenditure was paid.

(d) Reimbursable Expenditures. The expenditures to be reimbursed are either (i) capital expenditures (within the meaning of Section 1.150-1 (b) of the Treasury Regulations), (ii) costs of issuance, (iii) certain working capital expenditures for extraordinary, nonrecurring items that are not customarily payable from current revenues (within the meaning of Section 1.148-6 (d) (3) (ii) (B) of the Treasury Regulations), (iv) grants (within the meaning of Section 1.148-6 (d) (4) of the Treasury Regulations), or (v) qualified student loans, qualified mortgage loans or qualified veterans' mortgage loans (within the meaning of Section 1.150-1(b) of the Treasury Regulations). None of the

expenditures to be reimbursed were incurred for day-to-day operating costs or similar working capital items.

No portion of the proceeds of the Bonds being used to reimburse the Issuer for prior expenditures will be used, directly or indirectly, within one year of the date of a reimbursement allocation, in a manner that results in the creation of replacement proceeds (within the meaning of Section 1.148-1 of the Treasury Regulations), other than amounts deposited in a *bona fide* debt service fund.

(e) Anti-Abuse Rules. None of the proceeds of the Bonds is being used in a manner that employs an abusive arbitrage device under Section 1.148-10 of the Treasury Regulations to avoid the arbitrage restrictions or to avoid the restrictions under Sections 142 through 147 of the Code.

Section 13. Private Activity Covenants. The Issuer and the School Board each represents, warrants and covenants that it will take no action that would cause either the Bonds or the VPSA's Bonds to be private activity bonds within the meaning of Section 141(a) of the Code and that it will not fail to take any action that would prevent the VPSA's Bonds and the Bonds from being private activity bonds, within the meaning of Section 141(a) of the Code. Furthermore, the Issuer and the School Board have established reasonable procedures to ensure compliance with this covenant.

Section 14. Covenant as to Arbitrage. The Issuer and the School Board each represents, warrants and covenants that whether or not any of the Bonds remain outstanding, the money on deposit in any fund or account maintained in connection with the Bonds, whether or not such money was derived from the proceeds of the sale of the Bonds or from any other sources, will not be used in a manner that would cause the Bonds or the VPSA's Bonds to be "arbitrage bonds" within the meaning of Section 148 of the Code and the applicable regulations thereunder.

Section 15. Tax Covenant. The Issuer and the School Board each represents, warrants and covenants that it will not take any action which will, or fail to take any action which failure will, cause the interest on the Bonds or the VPSA's Bonds to become includable in the gross income of the owners of the Bonds or the VPSA's Bonds for federal income tax purposes pursuant to the provisions of the Code and the regulations promulgated thereunder in effect on the date of original issuance of the Bonds and the VPSA's Bonds.

Date:

CITY OF ROANOKE, VIRGINIA

By: _____

Name: Darlene L. Burcham

Title: City Manager

**SCHOOL BOARD OF THE CITY OF
ROANOKE, VIRGINIA**

By: _____

Name: David B. Carson

Title: Chairman

APPENDIX D
to the Bond Sale Agreement

**CONSTRUCTION EXCEPTION AND
EIGHTEEN-MONTH EXCEPTION
TO THE REBATE REQUIREMENT
QUESTIONNAIRE**

The purpose of this questionnaire is to elicit facts concerning the expenditure of the proceeds of the City of Roanoke, Virginia (the "Issuer") general obligation school bonds (the "Bonds") in order to make an initial determination that the construction exception from the rebate requirement provided by Section 148(f)(4)(C) of the Internal Revenue Code of 1986, as amended, or the eighteen month exception from the rebate requirement provided by Section 1.148-7(d) of the Treasury Regulations is available.

Please supply the information requested below and send this questionnaire to Richard A. Davis, Public Finance Manager, Virginia Public School Authority, P. O. Box 1879, Richmond, Virginia 23218-1879, for receipt no later September 27, 2006, with a copy to your bond counsel.

1. Briefly describe the project (the "Project") to be financed with the proceeds of the Bonds including the useful life of the project(s) being financed.

2. (a) Indicate the total amount of proceeds to be derived from the sale of the Bonds.

- (b) Indicate the amount that you reasonably expect to receive from the investment of the Bond proceeds prior to spending all of the Bond proceeds set forth above in Question 2 (a).

- (c) Indicate the amount of proceeds derived from the sale of the Bonds that you expect to use to finance the issuance costs of the Bonds. (e.g. your legal fees)

- (d) The amount set forth in Questions 2(a) plus the amount set forth in Question 2(b)

reduced by the amount set forth in Question 2(c) equals \$ _____. This amount is hereinafter referred to as "Available Construction Proceeds". **Any bond premium derived from sale of the bonds and any investment earnings thereon will be treated as Available Construction Proceeds.**

3. Indicate the amount of money, other than the Available Construction Proceeds of the Bonds, that will be applied toward the cost of the Project and the expected source of such money. Indicate what such money will be used for.

4. Indicate, by principal components, your current estimates of the cost for the acquisition and construction of the Project that will be financed with the Available Construction Proceeds of the Bonds, including:

- | | |
|--|----------|
| (a) Acquisition of Interest in Land | \$ _____ |
| (b) Acquisition of Interest in Real Property ¹ | _____ |
| (c) Acquisition and/or Installation of Tangible Personal Property ² | _____ |
| (d) Site Preparation | _____ |
| (e) Construction of Real Property ³ | _____ |
| (f) Reconstruction of Real Property ⁴ | _____ |
| (g) Rehabilitation of Real Property ⁵ | _____ |
| (h) Construction of Tangible Personal Property ⁶ | _____ |
| (i) Specially developed computer software ⁷ | _____ |
| (j) Interest on the Bonds during Construction | _____ |
| (k) Other (please specify) | _____ |
| _____ | _____ |
| (l) Total | \$ _____ |

(Note: The sum of the amounts described in (a) through (k) must equal the amount of Available Construction Proceeds of the Bonds set forth in Question 2(d).) _____

1-7 See the Endnotes on pages D-7 and D-8.

5. (a) Have you borrowed, directly or indirectly, (such as through an industrial development authority) any money, either through a tax-exempt bank loan, a bond anticipation note, any tax-exempt or taxable obligation or otherwise (a "loan"), to pay for the Project costs?

Yes _____ No _____

- (b) Do you intend to use the proceeds of the Bonds to refinance or repay any loan used to finance the Project costs?

Yes _____ No _____

- (c) If the answer to Question 5(b) is "Yes", please attach a copy of the BAN, COP, or other evidence of the loan and any tax certificate executed with such loan and indicate the following:

- (i) Amount of loan:
- (ii) Date of loan:
- (iii) Maturity date of loan:
- (iv) Interest rate of loan:
- (v) Name of lender:
- (vi) Refinance or repayment date:
- (vii) Amount of unspent proceeds, if any:
- (viii) Where unspent proceeds are being held (e.g. SNAP):

- (d) If the answer to question 5(a) or (b) is "Yes", did you use the proceeds of the loan to reimburse yourself for expenses paid with respect to the Project before the loan was obtained?

Yes _____ No _____

- (e) If the answer to question 5(b) is "Yes", do you expect to qualify for the small issuer exception for the loan.

6. (a) Do you intend to reimburse yourself from the proceeds of the Bonds for Project costs advanced from your General Fund or other available sources?

Yes _____ No _____

- (b) If the answer to Question 5(d) or Question 6 (a) is "Yes", with respect to all such expenditures, please indicate the amount of such expenditure, when such expenditure was paid and the purpose of the expenditure (i.e., architectural fees, engineering fees, other construction costs):

(i) Amount expended \$ _____

(ii) Date of expenditure:

(iii) Purpose of expenditure:

(Note: if you intend to reimburse yourself for more than one expenditure, please attach a rider setting forth: (i) amount expended, (ii) date of expenditure, and (iii) purpose of expenditure)

7. If the answer to Question 5(d) or 6(a) is "Yes" please attach a copy of any other evidence of your intention to reimburse yourself with the proceeds of a borrowing such as the earliest possible resolution, declaration or minutes of a meeting. Include the date such resolution was adopted, meeting was held or declaration made.

[The purpose of questions 8, 9 and 10 is to determine if the Bonds may qualify for the Construction Exception from the Rebate Requirement.]

8. Indicate whether the total of the amounts shown in 4(d) through (i) on page D-2 is at least 75% of the amount of Available Construction Proceeds (i.e., 75% of the amount in 4(i).

Yes _____ No _____

If the answer to Question 8 is "Yes", answer Question 9 and skip Question 10.

If the answer to Question 8 is "No", skip Question 9 and answer Question 10.

9. (a) Assuming the Bonds are delivered on November 9, 2006 and funds are made available to you on that date, please complete the following schedule indicating the amount of Available Construction Proceeds that the City/County expects to expend and disburse **during** the following time periods:

From November 9, 2006 to May 9, 2007	\$ _____ ⁸
From May 10, 2007 to November 9, 2007	_____
From November 10, 2007 to May 9, 2008	_____
From May 10, 2008 to November 9, 2008	_____
Total ⁹	\$ _____

8 and 9 See the Endnotes on page D-8.

- (b) If you do not expect to spend 100% of Available Construction Proceeds by November 9, 2008, do you expect to spend 100% of Available Construction Proceeds by November 9, 2009?

Yes _____ No _____

10. For purposes of this Question 10, assume that the Bonds are delivered on November 9, 2006 and funds are made available to you on that date.

- (a) Does the City/County expect to expend and disburse the amount shown in Question 4(a) for the acquisition of land by May 9, 2007?

Yes _____ No _____

- (b) Does the City/County expect to expend and disburse the amount shown in Question 4(b) for the acquisition of interests in real property by May 9, 2007?

Yes _____ No _____

- (c) Does the City/County expect to expend and disburse the amount shown in Question 4(c) for the acquisition and/or installation of tangible personal Property by May 9, 2007?

Yes _____ No _____

- (d) (i) Does the City/County expect to expend and disburse the amount shown in question 4(l) by November 9, 2009?

Yes _____ No _____

(ii) Assuming that the Bonds are delivered on May 11, 2006, and funds are made available to you on that date, please complete the following schedule indicating the amount of Available Construction Proceeds that the City/County expects to expend and disburse during the following time periods:

From November 9, 2006 to May 9, 2007	\$ _____ ¹⁰
From May 10, 2007 to November 9, 2007	_____
From November 10, 2007 to May 9, 2008	_____
From May 10, 2008 to November 9, 2008	_____

Total \$ _____

¹⁰ See the Endnotes on page D-8.

[The purpose of question 11 is to determine if the Bonds may qualify for the Eighteen Month Exception from the Rebate Requirement.]

11. The sum of the amounts set forth in Questions 2(a) and 2(b) equals \$_____ (the "gross proceeds"). Assuming that the Bonds are delivered on November 9, 2006 and funds are made available to you on that date, please complete the following schedule indicating the amount of gross proceeds that the City expects to expend and disburse during the following time periods:

From November 9, 2006 to May 9, 2007	\$_____ ¹
From May 10, 2007 to November 9, 2007	_____
From November 10, 2007 to May 9, 2008	_____
Total	\$

12. (a) Will this issue qualify for the Small Issuer Exception?

Yes _____ No _____

(b) List any general obligation bond financings the City has undertaken or is planning to undertake in the calendar year 2006.

I understand that the foregoing information will be relied upon by the Virginia Public School Authority (the "Authority") in determining the applicability of the construction exception to the Authority's School Financing Bonds (1997 Resolution), Series 2006 B. I hereby certify that I am familiar with the Project or have made due inquiry in order to complete this Questionnaire with respect to the Project and am authorized by the City to provide the foregoing information with respect to it, which information is true, correct, and complete, to the best of my knowledge.

¹ Include amounts expended prior to November 9, 2006 and approved by your bond counsel for reimbursement from your bond proceeds. This does not include any amount used to refinance or repay any loan.

Kenneth L. Mundy, Jr.
Name of Person Completing
Questionnaire

Director for Fiscal Services
Title

Signature

Date

ENDNOTES

1. For purposes of this questionnaire, "real property" means improvements to land, such as buildings or other inherently permanent structures, including items that are structural components of such buildings or structures. For example, real property includes wiring in a building, plumbing systems, central heating or central air conditioning systems, pipes or ducts, elevators or escalators installed in a building, paved parking areas, road, wharves and docks, bridges and sewage lines.
2. For purposes of this questionnaire, tangible personal property means any tangible property except real property. For example, tangible personal property includes machinery that is not a structural component of a building, school buses, automobiles, office equipment, testing equipment and furnishings.
3. See description of real property in endnote 1. This includes all capital expenditures that are properly chargeable to or may be capitalized as part of the basis of the real property prior to the date the property is placed in service. For purposes of this questionnaire, expenditures are considered paid in connection with the construction, reconstruction or rehabilitation of real property if the contract between the Issuer and the seller requires the seller to build or install the property (such as under a "turnkey contract") but only to the extent the property has not been built or installed at the time the parties enter into the contract. If the property has been partially built or installed at the time the parties enter into the contract, the expenditures that are allocable to the portion of the property built or installed before that time are expenditures for the acquisition of real property.
4. See endnote 3.
5. See endnote 3.
6. For purposes of this questionnaire, expenditures are in connection with the construction of tangible personal property, as defined in endnote 2, if:

(a) A substantial portion of the property or properties is completed more than 6 months after the earlier of the date construction or rehabilitation commenced and the date the Issuer entered into an acquisition contract;

(b) Based on the reasonable expectations of the Issuer, if any, or representations of the person constructing the property, with the exercise of due diligence, completion of construction or rehabilitation (and delivery to the Issuer) could not have occurred within that 6-month period; and

(c) If the Issuer itself builds or rehabilitates the property, not more than 75% of the capitalizable cost is attributable to property acquired by the Issuer (e.g., components, raw materials and other supplies).

7. Specially developed computer software means any programs or routines used to cause a computer to perform a desired task or set of tasks, and the documentation required to describe and maintain those programs, provided that the software is specially developed and is functionally related and subordinate to real property or other constructed personal property.
8. Include amounts expended prior to November 9, 2006 **and approved by your bond counsel** for reimbursement from your bond proceeds. This does not include any amount used to refinance or repay any loan.
9. Total should equal the amount in 4(1).
10. Include amounts expended prior to November 9, 2006 **and approved by your bond counsel** for reimbursement from your bond proceeds. This does not include any amount used to refinance or repay any loan.

APPENDIX E
to the Bond Sale Agreement

CONTINUING DISCLOSURE AGREEMENT

[This Continuing Disclosure Agreement will impose obligations on the
Local Issuer if and only if the Local Issuer is or has become and
remains a "Material Obligated Person", as defined below]

This Continuing Disclosure Agreement (the "Disclosure Agreement") is executed and delivered by the undersigned local issuer (the "Local Issuer") in connection with the issuance by the Virginia Public School Authority (the "Authority") of \$_____ aggregate principal amount of its School Financing Bonds (1997 Resolution) Series 2006 B (the "Series 2006 B Bonds") pursuant to the provisions of a bond resolution (the "1997 Resolution") adopted on October 23, 1997, as amended and restated. The Series 2006 B Bonds and all other parity bonds heretofore and hereafter issued under the 1997 Resolution are collectively called the "Bonds". A portion of the proceeds of the Series 2006 B Bonds are being used by the Authority to purchase certain general obligation school bonds ("Local School Bonds") of the Local Issuer pursuant to a bond sale agreement between the Authority and the Local Issuer (the "Bond Sale Agreement"). Pursuant to paragraph 3 of the Bond Sale Agreement, the Local Issuer hereby covenants and agrees as follows:

SECTION 1. Purpose of the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Local Issuer for the benefit of the holders of the Series 2006 B Bonds and in order to assist the Participating Underwriters (defined below) in complying with the Rule (defined below). The Local Issuer acknowledges that it is undertaking primary responsibility for any reports, notices or disclosures that may be required under this Agreement.

SECTION 2. Definitions. In addition to the definitions set forth in the 1997 Resolution, which apply to any capitalized term used in this Disclosure Agreement unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" shall mean any Annual Report provided by the Local Issuer pursuant to, and as described in, Sections 3 and 4 of this Disclosure Agreement.

"bond sale agreement" shall mean the Bond Sale Agreement and any other comparable written commitment of the Local Issuer to sell local school bonds to the Authority.

"Dissemination Agent" shall mean the Local Issuer, acting in its capacity as Dissemination Agent hereunder, or any successor Dissemination Agent designated in writing by such Local Issuer and which has filed with such Local Issuer a written acceptance of such designation.

"Filing Date" shall have the meaning given to such term in Section 3(a) hereof.

"Fiscal Year" shall mean the twelve-month period at the end of which financial position

and results of operations are determined. Currently, the Local Issuer's Fiscal Year begins July 1 and continues through June 30 of the next calendar year.

"holder" shall mean, for purposes of this Disclosure Agreement, any person who is a record owner or beneficial owner of a Series 2006 B Bond.

"Listed Events" shall mean any of the events listed in subsection 5(b)(5)(i)(C) of the Rule.

"local school bonds" shall mean any of the Local School Bonds and any other bonds of the Local Issuer pledged as security for Bonds issued under the Authority's 1997 Resolution.

"Material Obligated Person" (or "MOP") shall mean the Local Issuer if it has local school bonds outstanding in an aggregate principal amount that exceeds 10% of the aggregate principal amount of all outstanding Bonds of the Authority.

"National Repository" shall mean any Nationally Recognized Municipal Securities Information Repository for purposes of the Rule.

"Participating Underwriter" shall mean any of the original underwriters of the Authority's Series 2006 B Bonds required to comply with the Rule in connection with the offering of such Bonds.

"Repository" shall mean each National Repository and each State Repository.

"Rule" shall mean Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

"State Repository" shall mean any public or private depository or entity designated by the State as a state depository for the purpose of the Rule. As of the date of this Agreement, there is no State Repository.

SECTION 3. Provision of Annual Reports.

(a) The Local Issuer shall, or shall cause the Dissemination Agent to, provide to each Repository an Annual Report which is consistent with the requirements of Section 4 of this Disclosure Agreement. Such Annual Report shall be filed on a date (the "Filing Date") that is not later than 12 months after the end of any Fiscal Year (commencing with its Fiscal Year ended June 30, 2006) as of the end of which such Local Issuer was a MOP, unless as of the Filing Date the Local Issuer is no longer a MOP.¹ Not later than ten (10) days prior to the Filing Date, the Local Issuer shall provide the Annual Report to the Dissemination Agent (if applicable)

¹ The Authority will covenant in the Bond Sale Agreement to advise the Local Issuer within 60 days of the end of each Fiscal Year if such Local Issuer was a Material Obligated Person as of the end of such Fiscal Year. Upon written request, the Authority will also advise the Local Issuer as to its status as a MOP as of any other date.

and shall provide copies to the Authority. In each case, the Annual Report (i) may be submitted as a single document or as separate documents comprising a package, (ii) may cross-reference other information as provided in Section 4 of this Disclosure Agreement and (iii) shall include the Local Issuer's audited financial statements prepared in accordance with applicable State law or, if audited financial statements are not available, such unaudited financial statements as may be required by the Rule. In any event, audited financial statements of such Local Issuer must be submitted, if and when available, together with or separately from the Annual Report.

(b) If the Local Issuer is unable to provide an Annual Report to the Repositories by the date required in subsection (a), the Local Issuer shall send a notice to the Municipal Securities Rulemaking Board and any State Repository in substantially the form attached hereto as Exhibit A.

SECTION 4. Content of Annual Reports. Except as otherwise agreed, any Annual Report required to be filed hereunder shall contain or incorporate by reference, at a minimum, annual financial information relating to the Local Issuer, including operating data,

- (i) updating such information relating to the Local Issuer as shall have been included or cross-referenced in the final Official Statement of the Authority describing the Authority's Series 2006 B Bonds or
- (ii) if there is no such information described in clause (i), updating such information relating to the Local Issuer as shall have been included or cross-referenced in any comparable disclosure document of the Local Issuer relating to its tax-supported obligations or
- (iii) if there is no such information described in clause (i) or (ii) above, initially setting forth and then updating the information referred to in Exhibit B as it relates to the Local Issuer, all with a view toward assisting Participating Underwriters in complying with the Rule.

Any or all of such information may be incorporated by reference from other documents, including official statements of securities issues with respect to which the Local Issuer is an "obligated person" (within the meaning of the Rule), which have been filed with each of the Repositories or the Securities and Exchange Commission. If the document incorporated by reference is a final official statement, it must be available from the Municipal Securities Rulemaking Board. The Local Issuer shall clearly identify each such other document so incorporated by reference.

SECTION 5. Reporting of Listed Events. Whenever the Local Issuer is a Material Obligated Person required to file Annual Reports pursuant to Section 3(a) hereof and obtains knowledge of the occurrence of a Listed Event, and if such Local Issuer has determined that knowledge of the occurrence of a Listed Event with respect to its local school bonds would be material, such Local Issuer shall promptly file a notice of such occurrence with each National Repository or the Municipal Securities Rulemaking Board and each State Repository, if any, with a copy to the Authority.

SECTION 6. Alternative Filing. The Local Issuer may, in lieu of filing with the Repositories and each State Repository the Annual Reports and other notices referred to in Sections 3(a), 3(b) and 5 hereof, make such filings with DisclosureUSA, the central post office of the Municipal Advisory Council of Texas.

SECTION 7. Termination of Reporting Obligation. The Local Issuer's obligations under this Disclosure Agreement shall terminate upon the earlier to occur of the legal defeasance or final retirement of all the Local School Bonds.

SECTION 8. Dissemination Agent. The Local Issuer may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Disclosure Agreement and may discharge any such Agent, with or without appointing a successor Dissemination Agent. The Local Issuer shall advise the Authority of any such appointment or discharge. If at any time there is not any other designated Dissemination Agent, the Local Issuer shall be the Dissemination Agent.

SECTION 9. Amendment. Notwithstanding any other provision of this Disclosure Agreement, the Local Issuer may amend this Disclosure Agreement, if such amendment has been approved in writing by the Authority and is supported by an opinion of independent counsel, acceptable to the Authority, with expertise in federal securities laws, to the effect that such amendment is permitted or required by the Rule.

SECTION 10. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Local Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is required by this Disclosure Agreement. If the Local Issuer chooses to include any information in any Annual Report or notice of occurrence of a Listed Event, in addition to that which is specifically required by this Disclosure Agreement, such Local Issuer shall have no obligation under this Agreement to update such information or include it in any future Annual Report or notice of occurrence of a Listed Event.

SECTION 11. Default. Any person referred to in Section 12 (other than the Local Issuer) may take such action as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the Local Issuer to file its Annual Report or to give notice of a Listed Event. The Authority may, and the holders of not less than a majority in aggregate principal amount of Bonds outstanding may, take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to challenge the adequacy of any information provided pursuant to this Disclosure Agreement, or to enforce any other obligation of the Local Issuer hereunder. A default under this Disclosure Agreement shall not be deemed an event of default under the applicable resolution or bonds of the Local Issuer, and the sole remedy under this Disclosure Agreement in the event of any failure of the Local Issuer to comply herewith shall be an action to compel performance. Nothing in this provision shall be deemed to restrict the rights or remedies of any holder pursuant to the Securities Exchange Act of 1934, the rules and regulations promulgated thereunder, or other applicable laws.

SECTION 12. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Authority, the Local Issuer, the Participating Underwriters, and holders from time to time of the Authority's Bonds, and shall create no rights in any other person or entity.

SECTION 13. Counterparts. This Disclosure Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Date: November 9, 2006

CITY OF ROANOKE, VIRGINIA

By _____
Darlene L. Burcham
City Manager

EXHIBIT A

**NOTICE OF FAILURE TO FILE ANNUAL REPORT
[AUDITED FINANCIAL STATEMENTS]**

**Re: VIRGINIA PUBLIC SCHOOL AUTHORITY
SCHOOL FINANCING BONDS (1997 Resolution)
SERIES 2006 B**

CUSIP Numbers:

Dated: November 1, 2006

Name of Local Issuer: City of Roanoke, Virginia

NOTICE IS HEREBY GIVEN that the [Local Issuer] has not provided an Annual Report as required by Section 3(a) of the Continuing Disclosure Agreement, which was entered into in connection with the above-named bonds issued pursuant to that certain Series Resolution adopted on [September 6, 2006], by the Board of Commissioners of the Virginia Public School Authority, the proceeds of which were used to purchase \$_____ [School Bonds] of the [Local Issuer]. [The Local Issuer anticipates that the Annual Report will be filed by _____.] The Local Issuer is a material "obligated person" within the meaning of Rule 15c2-12 under the Securities Exchange Act of 1934, as amended, with respect to the above-named bonds of the Authority.

Dated: _____

[LOCAL ISSUER]

By _____

EXHIBIT B

CONTENT OF ANNUAL REPORT

Description of the Local Issuer. A description of the Local Issuer including a summary of its form of government, budgetary processes and its management and officers.

Debt. A description of the terms of the Local Issuer's outstanding tax-supported and other debt including a historical summary of outstanding tax-supported debt; a summary of authorized but unissued tax-supported debt; a summary of legal debt margin; a summary of overlapping debt; and a summary of annual debt service on outstanding tax-supported debt as of the end of the preceding fiscal year. The Annual Report should also include (to the extent not shown in the latest audited financial statements) a description of contingent obligations as well as pension plans administered by the Local Issuer and any unfunded pension liabilities.

Financial Data. Financial information respecting the Local Issuer including a description of revenues and expenditures for its major funds and a summary of its tax policy, structure and collections as of the end of the preceding fiscal year.

Capital Improvement Plan. A summary of the Local Issuer's capital improvement plan.

Demographic, Economic and Supplemental Information. A summary of the Local Issuer's demographic and economic characteristics such as population, income, employment, and public school enrollment and infrastructure data as of the end of the preceding fiscal year. The Annual Report should also include a description of material litigation pending against the Local Issuer.

PROCEEDS AGREEMENT

Respecting the Custody, Investment, and
Disbursement of Proceeds of Local School
Bonds Purchased by the Virginia Public School
Authority with the Proceeds of Its \$[2006 B PAR AMOUNT]
School Financing Bonds (1997 Resolution)
Series 2006 B

Dated November 9, 2006

Among

Virginia Public School Authority
Wachovia Bank, N.A.
PFM Asset Management LLC

and

[2006 B Local Issuers]

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PROCEEDS AGREEMENT
Respecting the Custody, Investment, and
Disbursement of Proceeds of Local School
Bonds Purchased by the Virginia Public School
Authority with the Proceeds of Its \$[2006 B PAR AMOUNT]
School Financing Bonds (1997 Resolution)
Series 2006 B

This **PROCEEDS AGREEMENT**, dated November 9, 2006 (this “Agreement”), is among the **Virginia Public School Authority**, a public body corporate and instrumentality of the Commonwealth of Virginia (“VPSA”), the _____ () **counties** and _____ () **cities** that are signatories to this Agreement (collectively, the “Local Units”, and each a “Local Unit”), **Wachovia Bank, N.A.**, a banking institution organized under the laws of the United States of America and having an office in Richmond, Virginia, and **PFM Asset Management LLC**, a corporation organized under the laws of Delaware and having an office in Harrisburg, Pennsylvania. All capitalized terms used herein shall have the meaning given to them in Section 2 hereof.

The parties hereto agree and covenant as follows:

Section 1. Recitals.

A. On or before October 11, 2006, VPSA and each of the Local Units entered into a Bond Sale Agreement, pursuant to which VPSA agreed to purchase, and the Local Unit agreed to sell its Local School Bonds.

B. On October 11, 2006, VPSA’s Bonds were awarded at competitive bidding to the Purchaser. The Purchaser is obligated by the terms of its bid to pay the purchase price for the VPSA’s Bonds on the Closing Date. VPSA will apply certain of the proceeds of the sale of VPSA’s Bonds to the purchase of the Local School Bonds on November 9, 2006, the Local School Bonds Closing Date. VPSA will also apply certain of the proceeds of the sale of VPSA’s

Bonds, together with other available funds, to pay accrued interest on and certain costs of issuance of the VPSA Bonds.

C. The Code imposes requirements on VPSA and the Local Units selling their Local School Bonds to VPSA that must be met if interest on VPSA's Bonds and interest on the Local School Bonds are to be excludable from gross income for federal income tax purposes, including a requirement that in certain circumstances, certain investment income with respect to the Local School Bonds, which income is deemed for federal income tax purposes to be investment income of VPSA's Bonds, be subject to payment, or in lieu thereof certain payments be made, to the United States Treasury.

D. VPSA has determined that in order to fulfill its representations respecting the maintenance of the exclusion of the interest on VPSA's Bonds from gross income for federal income tax purposes, VPSA must establish a mechanism to provide accountability for the custody, investment and disbursement of the proceeds of VPSA's Bonds and the proceeds of the Local School Bonds.

E. It is the purpose of this Agreement to enable VPSA (i) to fulfill the representations mentioned in the preceding subsection; (ii) subject to the constraints of the Code affecting the investment of the proceeds of tax-exempt obligations, to achieve the optimum, practicable income by the professional management of the investment and reinvestment of the proceeds of the Local School Bonds; (iii) to provide for the custody, investment and disbursement of the proceeds of the Local School Bonds, and for the maintenance of appropriate records thereof; (iv) to meet the rebate requirement imposed by Section 148(f) of the Code, in part through the payment of either the Local Unit Rebate Requirement by each of the Local Units or the Penalty if the Penalty Election has been made on behalf of a Local Unit; and (v) to provide

for the allocation and payment of the costs associated with the establishment and maintenance of this Agreement.

F. The purposes set forth in the preceding subsection E shall be accomplished through SNAP. The proceeds of the Local School Bonds shall be invested in accordance with the Information Statement.

Any statements of facts contained in these recitals pertaining to the sale of the VPSA's Bonds and the application of such proceeds, other than the purchase of the Local School Bonds, will not be deemed to be made by the Local Units except to the extent they have knowledge of such facts.

Section 2. Definitions.

In addition to the words and terms elsewhere defined in this Proceeds Agreement including the Exhibits attached hereto, the following words and terms shall have the following meanings:

"Aggregate Local Units Rebate Requirement" shall be the amount calculated pursuant to the Letter Agreement.

"Agreement" or "Proceeds Agreement" shall mean the Proceeds Agreement, dated November 9, 2006, among the Authority, the Local Units, the Depository and the Investment Manager.

"Authorized Representative" shall mean, as applied to VPSA, the Depository, the Investment Manager and the Local Units, the person or each of the persons thereby designated, from time to time, in accordance with and as listed on the page of this Agreement executed by such party.

"Available Construction Proceeds" shall mean, as applied to each Local Unit, the sum of (i) the amount initially deposited to the Principal Account of such Local Unit pursuant to

Section 5 hereof, and (ii) the investment earnings thereon, reduced by the amount of issuance costs financed by such Local Unit's Local School Bonds. In the event that the Local Unit has made the Bifurcation Election on its signature page, "Available Construction Proceeds" shall mean the sum of the amount set forth on the signature page as the portion of the issue used for construction and the investment earnings thereon, reduced by the amount set forth on the signature page as allocable to issuance expenses.

"Bifurcation Election", with respect to each issue of Local School Bonds, shall mean the election made by the Local Unit to treat a portion of its Local School Bonds used for construction as a separate issue pursuant to Section 148(f)(4)(C)(v) of the Code.

"Bond Sale Agreements" shall refer to the respective Bond Sale Agreements, dated as of September 27, 2006, between VPSA and each Local Issuer.

"Capital Expenditure" shall mean any cost of a type that is properly chargeable to a capital account (or would be so chargeable with a proper election) under general federal income tax principles as determined at the time the expenditure is paid with respect to the property.

"Capital Project" shall mean all Capital Expenditures, plus related working capital expenditures to which the de minimis exception provided by Section 1.148-6(d)(3)(ii)(A) of the Treasury Regulations to the proceeds-spent-last rule applies, that carry out the governmental purpose of the Local School Bond issue.

"Closing Date" shall mean, with respect to the VPSA Bonds, the date of delivery by VPSA of such Bonds to the Purchaser. The Closing Date is scheduled to be November 9, 2006.

"Code" shall mean the Internal Revenue Code of 1986, as amended.

“Computation Date” shall mean each of the Installment Computation Dates, Local Unit Computation Date, and the Final Computation Date.

“Contract” shall mean the Contract respecting the Virginia State Non-Arbitrage Program, between the Treasury Board of the Commonwealth of Virginia and the Investment Manager, including the Depository Agreement appearing as Appendix A thereto.

“Depository” shall mean Wachovia Bank, N.A., a banking institution organized under the laws of the United States of America and having an office in Richmond, Virginia and its future successors and assigns under the Depository Agreement.

“Depository Agreement” shall mean the Depository Agreement appearing as Exhibit A to the Contract.

“Eighteen-Month Exception” shall mean the exception to the Rebate Requirement provided by Treasury Regulation Section 1.148-7(d).

“Final Computation Date” shall mean the date the last bond that is part of the issue of VPSA’s Bonds is discharged.

“Gross Proceeds” shall have the meaning given to such term in the Letter Agreement.

“Income Subaccount” shall mean the Income Subaccount established pursuant to Section 4 of this Proceeds Agreement for each Local Unit.

“Income Subaccount Set Aside” shall have the meaning given to such term by Section 9(b) of this Agreement.

“Individual Portfolio” shall have the meaning given to such term in the Information Statement.

“Information Statement” shall mean the current Information Statement describing SNAP, as the same may be supplemented and amended.

“Installment Computation Dates” shall mean November 9, 2011, and each fifth (5th) anniversary date thereafter.

“Investment Manager” shall mean the investment manager of SNAP and its successors and assigns, on the Closing Date being PFM Asset Management LLC, a corporation organized under the laws of Delaware and having an office in Harrisburg, Pennsylvania.

“Investment Report” shall have the meaning given to such term in Part A of the Letter Agreement.

“Letter Agreement” shall mean the Letter Agreement, dated the date hereof, attached to this Agreement as Exhibit C.

“Local School Bonds” shall mean general obligation school bonds of a Local Unit having the terms and provisions required by the Bond Sale Agreement.

“Local School Bonds Closing Date” shall mean the Closing Date, except as otherwise provided on the page of this Agreement executed by a Local Unit; provided, however, the Local School Bonds Closing Date with respect to an issue of Local School Bonds shall not be deemed to have occurred until the related Local Unit shall have delivered the Local School Bonds to VPSA and otherwise complied with the terms of its Bond Sale Agreement.

“Local Unit” or “Local Units” shall have the meaning accorded to such term by the first paragraph of this Agreement.

“Local Unit Computation Date” shall mean the date selected by a Local Unit as the date as of which the Rebate Requirement with respect to its issue of Local School Bonds shall be computed. Such date shall not be earlier than the date on which such Local Unit anticipates that all of the proceeds of such issue of Local School Bonds, including any amounts set aside in the Income Subaccount for the payment of the Rebate Requirement, shall be expended.

“Local Unit Rebate Computation”, with respect to each issue of Local School Bonds, shall mean a Rebate Computation for each Local Unit made on each Computation Date pursuant to Section 11 of this Proceeds Agreement.

“Local Unit’s Rebate Requirement”, with respect to each issue of Local School Bonds, shall mean the amount payable to the United States Treasury calculated pursuant to the Letter Agreement.

“Penalty” shall mean the amount that must be paid to the United States Treasury pursuant to the Penalty Election.

“Penalty Election”, with respect to each issue of Local School Bonds, shall mean the election made by the Local Unit to pay a penalty in lieu of rebate pursuant to Section 148(f)(4)(C)(vii) of the Code.

“Principal Subaccount” shall mean the Principal Subaccount established pursuant to Section 4 of this Proceeds Agreement for each Local Unit.

“Proceeds Account” shall mean, with respect to each Local Unit, its account established under Section 4 of this Proceeds Agreement.

“Purchaser” shall mean [2006 B PURCHASER], the bidder offering to pay the lowest true interest cost of the VPSA’s Bonds and to which VPSA awarded the VPSA’s Bonds at a competitive sale.

“Rebate Calculation Agent” shall have the meaning given to such term in the Letter Agreement.

“Rebate Computation” shall mean the computation, as of a Computation Date, of the Local Unit Rebate Requirement to such Computation Date. The amount so computed may be a positive or a negative number.

“Rebate Exceptions” shall mean the Spending Exceptions and the Small-Issuer Exception, collectively.

“Rebate Report” shall mean the Local Unit Rebate Computations.

“Rebate Requirement” shall mean the rebate requirement imposed by Sections 148(f)(2) and (3) of the Code.

“Six-Month Exception” shall mean the exception to the Rebate Requirement provided by Section 148(f)(4)(B) of the Code.

“Small-Issuer Exception” shall mean the exception to the Rebate Requirement provided by Section 148(f)(4)(D) of the Code.

“SNAP” shall mean the State Non-Arbitrage Program established pursuant to Article 7.1, Chapter 14, Title 2.1, Code of Virginia, as amended.

“SNAP Documents” shall mean the Information Statement and the Contract.

“Spending Exceptions” shall mean the Six-Month Exception, the Eighteen-Month Exception and the Two-Year Exception, collectively.

“Tax Exempt Bond” shall mean a bond the interest on which is excludable from gross income under Section 103(a) of the Code and is not a specified private activity bonds as defined in Section 57(a)(5)(C) of the Code.

“Two-Year Exception” shall mean the exception to the Rebate Requirement provided by Section 148(f)(4)(C) of the Code.

“VPSA” shall mean the Virginia Public School Authority, a public body corporate and instrumentality of the Commonwealth of Virginia.

“VPSA’s Bond Yield” shall mean the Yield on VPSA’s Bonds as set forth in the Letter Agreement. As provided in Treasury Regulation Section 1.148-4(a), the yield on each

issue of Local School Bonds of a Local Unit the interest on which is excluded from gross income shall equal the VPSA's Bond Yield.

"VPSA's Bonds" shall mean the \$[2006 B PAR AMOUNT] aggregate principal amount of VPSA's School Financing Bonds (1997 Resolution) Series 2006 B.

"Withdrawal Date" shall mean the date as of which an interim Rebate Calculation is made pursuant to Section 9 of this Proceeds Agreement.

"Yield" shall have the meaning accorded to such term by the Letter Agreement.

"Yield Reduction Payment" shall have the same meaning given to such term by Section 13 of this Proceeds Agreement.

"Yield Restriction Requirement" shall have the same meaning given to such term by Section 13 of the Proceeds Agreement.

Section 3. Disposition of VPSA Bond Proceeds.

A. Prior to the Closing Date, each Local Unit will complete and submit, to the Investment Manager, the program registration form and the SNAP account registration form annexed to the Information Statement.

B. On the Closing Date, VPSA will transfer to the Depository for deposit in SNAP, in immediately available funds, an amount equal to the aggregate purchase price of all of the Local School Bonds (\$[2006 B PURCHASE PRICE]).

C. Each Local Unit hereby agrees to adhere strictly to the prescribed and recommended procedures described in the Information Statement. Each Local Unit hereby further agrees that it will not deviate from or request an exception to such procedures without first obtaining the prior written approval of VPSA. In the event of a conflict between the provisions of this Agreement and the Information Statement, the provisions of this Agreement shall control.

Section 4. Establishment of Accounts.

(a) Except as provided in Section 4(b) below, the Investment Manager will establish on its books for each Local Unit one (1) account and two (2) subaccounts therein as follows:

VP SA-(Name of Local Unit) Proceeds Account – Series 2006 B Issue

Principal Subaccount

Income Subaccount

(b) The Investment Manager shall establish on its books for each of [2006 B SUBSIDY & NON-SUBSIDY ISSUERS] within the one (1) Proceeds Account for each such Local Unit, two (2) subaccounts therein, and two (2) subaccounts within each subaccount as follows:

VP SA-(Name of Local Unit) Proceeds Account - Series 2006 B Issue

Non Subsidy Subaccount

Subsidy Subaccount

Principal Subaccount

Principal Subaccount

Income Subaccount

Income Subaccount

The amounts in the Principal Subaccounts and Income Subaccounts of each of these Local Units shall be combined for purposes of this Agreement. Requisitions from [2006 B SUBSIDY & NON-SUBSIDY ISSUERS] shall specify the Subaccount from which moneys are being requisitioned.

If a Local Unit has elected to treat a portion of its Local School Bonds issue used for construction as a separate issue as set forth on its signature page, the Investment Manager shall maintain such records as necessary to determine the portion of the Principal Subaccount and Income Subaccount of such Local Unit allocable to the construction issue and the non-construction issue.

Section 5. Disposition of Local School Bond Proceeds.

A. The Investment Manager shall allocate the proceeds of the Local School Bonds on the Local School Bonds Closing Date(s) to the Local Unit(s), dollar for dollar, in accordance with the respective purchase prices of their Local School Bonds set forth in Exhibit A to this Agreement. There is no accrued interest on the Local School Bonds. Except as provided in Section 5(B) – () below, the proceeds of VPSA's Bonds allocated to each Local Unit shall be credited to the Principal Subaccount of the Local Unit in the amounts set forth in Exhibit A with respect to the Subsidy Local School Bonds and/or the Non-Subsidy Local School Bonds, as the case may be.

B. [INSERT INFORMATION CONCERNING 2006 B LOCAL ISSUERS REDEEMING INTERIM FINANCINGS].

Section 6. Investment of Principal Subaccount.

The Investment Manager shall invest and reinvest moneys to the credit of the Principal Subaccount of each Local Unit for the benefit of such Local Unit in accordance with the provisions of the Information Statement and Section 18 of this Agreement. The Investment Manager shall credit to the Local Unit's Income Subaccount all income and profits from the investment and reinvestment of moneys to the credit of its respective Principal Subaccount.

Section 7. Disbursements from Principal Subaccount.

Beginning on its Local School Bonds Closing Date, each Local Unit may at any time withdraw all or any portion of the proceeds of its Local School Bonds credited to its Principal Subaccount (including amounts transferred to the credit of the Principal Subaccount from the Income Subaccount pursuant to Section 9), in accordance with the Information Statement and, in the case of a reimbursement to the Local Unit, by filing with the Investment Manager a requisition or requisitions therefor in the form of Exhibit B to this Agreement signed

by an Authorized Representative of the Local Unit. Notwithstanding anything to the contrary in the Information Statement, the Investment Manager agrees that, in the case of a reimbursement to the Local Unit, it shall not disburse any money from the Principal Subaccount unless and until it has received such requisition from the Local Unit.

Section 8. Investment of Income Subaccount.

The Investment Manager shall invest and reinvest moneys to the credit of the Income Subaccount of each Local Unit for the benefit of such Local Unit in accordance with the provisions of the Information Statement and Section 18 of this Agreement. The Investment Manager shall credit to the Local Unit's Income Subaccount all income and profits from the investment and reinvestment of moneys to the credit thereof.

Section 9. Income Subaccount.

A. The Investment Manager will notify a Local Unit and VPSA when the balance to the credit of the Principal Subaccount of such Local Unit shall have been reduced to zero (\$0). Such Local Unit may then withdraw from its Income Subaccount an amount not in excess of the amount then to the credit of its Income Subaccount if the Local Unit qualifies for any one of the Rebate Exceptions or if such withdrawal is necessary to qualify for one of the Spending Exceptions.

1. In order to qualify for the Small-Issuer Exception, the Local Unit must deliver to VPSA and the Investment Manager no later than the end of calendar year 2006 (a) a letter from, or opinion of, nationally recognized bond counsel that the Local School Bonds of such Local Unit purchased by VPSA with the proceeds of the VPSA's Bonds will be treated as meeting the requirements of Code Sections 148(f)(2) and (3), pursuant to Code Section 148(f)(4)(D); and (b) the Local Unit's covenant that it shall provide for the payment or reimburse VPSA for its payment of the Local Unit's Rebate Requirement

in the event that the Local School Bonds of such Local Unit fail to meet all of the requirements of the Small Issuer Exception.

2. In order to determine if a Local Unit qualifies for either the Six-Month Exception or the Eighteen-Month Exception, the Investment Manager shall advise each Local Unit and VPSA of the amount that has been disbursed from the Principal Subaccount and the Income Subaccount of such Local Unit (a) six (6) months from the Local School Bonds Closing Date, (b) twelve (12) months from the Local School Bonds Closing Date, and (c) eighteen (18) months from the Local School Bonds Closing Date. To facilitate such determination, each Local Unit shall set forth on the signature page for such Local Unit the amount of investment proceeds that such Local Unit reasonably expects as of the Local School Bonds Closing Date to earn.

3. In order to determine if a Local Unit qualifies for the Two-Year Exception, the Investment Manager shall advise each Local Unit and VPSA, of the amount of Available Construction Proceeds that has been disbursed from the Principal Subaccount and the Income Subaccount of such Local Unit (a) six (6) months from the Local School Bonds Closing Date, (b) twelve (12) months from the Local School Bonds Closing Date, (c) eighteen (18) months from the Local School Bonds Closing Date, and (d) twenty-four (24) months from the Local School Bonds Closing Date. To facilitate such determination, each Local Unit shall set forth on the signature page for such Local Unit the amount of investment proceeds that such Local Unit reasonably expects as of the Local School Bonds Closing Date to earn and the elections that it requests VPSA to make on its behalf. Furthermore, such Local Unit shall set forth in a certificate delivered to VPSA on the Local School Bonds Closing Date such facts and circumstances as necessary to show that it reasonably expects to qualify for the Two-Year Exception.

4. The portion of the proceeds of the VPSA Bonds applied to purchase the [INSERT INELIGIBLE LOCAL INTERIM FINANCINGS] do not qualify for the Eighteen Month Exception or Two Year Exception.

B. Except to the extent that a Penalty Election has been made on behalf of a Local Unit, if the Local Unit fails to qualify for one of the Spending Exceptions, or is otherwise subject to the Rebate Requirement, then prior to a withdrawal from its Income Subaccount and upon receipt of such notification, the Local Unit shall promptly request, pursuant to the terms of the Information Statement, an interim Rebate Computation for the next Computation Date with respect to such Local Unit or an estimate of such Local Unit's Rebate Requirement for purposes of determining what amount, if any, to the credit of the Income Subaccount may be subject to rebate. Any estimate of the Local Unit's Rebate Requirement made by the Investment Manager shall also be provided to VPSA in writing. Notwithstanding anything to the contrary in the Information Statement, no disbursement will be made from the Income Subaccount until the aforementioned calculation shall have been made. The amount to the credit of the Income Subaccount that may be subject to rebate is the Income Subaccount Set Aside. On the Withdrawal Date, the Investment Manager shall (i) reserve, in the Income Subaccount, the amount of the "Income Subaccount Set Aside" until the next Rebate Computation required by Section 11 shall have been made and (ii) credit the remaining balance to the credit of the Income Subaccount to the credit of the Local Unit's Principal Subaccount.

Section 10. Investment Losses.

The Investment Manager shall charge any loss realized from the investment or reinvestment of moneys to the credit of the Income Subaccount and the Principal Subaccount of a Local Unit as follows:

1. losses on moneys to the credit of the Principal Subaccount shall be charged thereto; and

2. losses on moneys to the credit of the Income Subaccount shall be charged first to the Principal Subaccount and then to the Income Subaccount.

Section 11. Rebate Computations.

On or before each Computation Date, VPSA will prepare, or cause to be prepared, in accordance with the provisions of the Letter Agreement the Local Unit Rebate Computations. The Local Unit Rebate Computation for each Local Unit shall be made on the basis of the Investment Reports maintained by the Investment Manager for each Proceeds Account. With respect to the amounts on deposit in the [2006 B TRANSFERRED PROCEEDS ACCOUNTS], such amounts will only be taken into account for purposes of the Local Unit Rebate Computations for the respective Local Units only if the [2006 B INTERIM FINANCINGS WITH TRANSFERRED PROCEEDS] respectively, do not qualify for one of the Spending Exceptions or fail to meet all of the requirements of the Small Issuer Exception.

As set forth in the Letter Agreement, the Local Unit Rebate Requirement shall be calculated separately for each Local Unit. If it is determined, however, that the Local Unit Rebate Requirement is required to be calculated in the aggregate, the Local Unit Rebate Requirement for each Local Unit shall be equal to a percentage of the Aggregate Local Units Rebate Requirement determined by multiplying the Aggregate Local Units Rebate Requirement by a fraction, the numerator of which is the positive Local Unit Rebate Requirement calculated separately and the denominator of which is the sum of all of the positive Local Unit Rebate Requirements calculated separately.

If any provision of this Agreement shall become inconsistent with any regulation or regulations promulgated under Section 148(f) of the Code subsequent to the date hereof,

VPSA hereby agrees and covenants to prepare, or cause to be prepared, as soon as practicable, a Local Unit Rebate Computation for each Local Unit, in compliance with such regulation or regulations, and VPSA, the Investment Manager and each of the Local Units hereby further agree and covenant immediately to make any and all transfers and payments required by Sections 12 and 14 of this Agreement from any moneys on deposit in the Income Subaccount and any other moneys of the Local Unit legally available for such purpose.

Section 12. Transfers to Income Subaccount.

Upon receipt by a Local Unit of the Rebate Report from VPSA, if the amount on deposit in the Local Unit's Income Subaccount (including the Income Subaccount Set Aside) is less than the sum of the Local Unit Rebate Requirement and Yield Reduction Payment of such Local Unit, the Investment Manager shall promptly charge the Principal Subaccount of such Local Unit an amount equal to the deficiency and credit its Income Subaccount such amount.

To the extent that the amount on deposit in the Principal Subaccount is insufficient to remedy the deficiency, the Investment Manager shall advise VPSA and such Local Unit of the amount of the remaining deficiency, and, to the extent permitted by law, the Local Unit agrees to transfer promptly to the Depository, from any funds that are or may be made legally available for such purpose, the amount equal the remaining deficiency.

To the extent that the amount on deposit in the Income Subaccount exceeds the sum of the Local Unit Rebate Requirement and Yield Reduction Payment for the Local Unit, such excess shall be transferred to the Principal Subaccount of the Local Unit.

Section 13. Disposition of Excess Proceeds, Yield Restriction and Yield Reduction Payments.

A. When a Local Unit shall certify to VPSA and the Investment Manager that there are balances to the credit of the Local Unit's Principal Subaccount or Income Subaccount

that will not be used for Capital Projects, such amount shall be retained in the Proceeds Account and, to the extent such amount is not required to be deposited to the Income Subaccount pursuant to Section 12, VPSA will, except as provided in the last sentence of this Section 13A, direct the Depository to apply such amount to redeem such Local Unit's Local School Bonds on the earliest possible date that such Bonds may be called without a penalty or premium. Notwithstanding the foregoing, when a Local Unit shall certify to VPSA and the Investment Manager that it has made an election under Section 148(f)(4)(C)(viii) or (ix) of the Code to terminate the Penalty Election, and that, pursuant to Code Section 148(f)(4)(C)(viii)(III) of such termination election, such Local Unit indicates the amount of Available Construction Proceeds to be applied to the redemption of its Local School Bonds and the date of such redemption, VPSA will direct the Investment Manager and the Depository to apply such amount toward the redemption of such Local Unit's Local School Bonds on the date indicated.

B. If a Local Unit has any balance remaining in either its Principal Subaccount or Income Subaccount on November 9, 2009, such amount shall not be invested at a Yield in excess of the VPSA's Bond Yield (the "Yield Restriction Requirement"). Except as provided in Section 13C below, any balances remaining on deposit in either the Principal Subaccount or Income Subaccount of any Local Unit on November 9, 2009 will be invested by the Investment Manager in either an Individual Portfolio at a Yield not in excess of the VPSA's Bond Yield or Tax-Exempt Bonds in order to comply with the Yield Restriction Requirement.

C. If amounts on deposit in the Principal Subaccount or Income Subaccount of a Local Unit qualified for the temporary periods set forth under Treasury Regulation Section 1.148-2(e)(2) or Treasury Regulation Section 1.148-2(e)(6), such Local Unit may continue to invest such amounts in the SNAP Fund in accordance with the provisions of the Information Statement and may comply with the Yield Restriction Requirement by making yield reduction

payments pursuant to Treasury Regulation Section 1.148-5(c) (“Yield Reduction Payments”) to reduce the yield earned after November 9, 2009 on any investments in either its Principal Subaccount or Income Subaccount. On or before each Computation Date, VPSA will prepare, or cause to be prepared, the Yield Reduction Payment required to be made with respect to each Local Unit in order to comply with the Yield Restriction Requirement on the basis of the Investment Reports maintained by the Investment Manager for each Proceeds Account. Such Yield Reduction Payments must be made by the Local Unit at the same time and in the same manner as the Rebate Requirement is required to be paid.

Section 14. Rebate Payments and Penalty Payments, Yield Reduction Payments.

A. The Local Unit Rebate Requirement and Yield Reduction Payment of each Local Unit shall be paid to the United States Treasury at the direction of VPSA on behalf of and for the accounts of the Local Unit and VPSA in accordance with the Letter Agreement.

B. The payment of the Local Unit Rebate Requirement of each Local Unit shall be in partial satisfaction with respect to the VPSA’s Bonds, and total satisfaction with respect to the proceeds of the Local School Bonds on deposit in the Proceeds Account, of the requirements of Section 148(f) of the Code except to the extent that such issue of Local School Bonds may be treated as a composite issue under Treasury Regulation §1.150-1(c) with another issue of obligations.

C. Notwithstanding anything to the contrary herein, if VPSA has made the Penalty Election on behalf of a Local Unit and if such Local Unit fails to qualify for one of the Spending Exceptions, then, prior to any further disbursements from the Principal Subaccount or Income Subaccount, the Local Unit shall promptly request, pursuant to the terms of the Information Statement, a computation of the amount of the Penalty that must be paid to the United States Treasury pursuant to the Penalty Election.

If the amount on deposit in the Local Unit's Income Subaccount and Principal Subaccount is less than the amount of the Penalty due by such Local Unit, the Investment Manager shall advise VPSA and such Local Unit of the amount of the deficiency, and to the extent permitted by law, the Local Unit agrees to transfer promptly to the Depository, from any funds that are or may be made legally available for such purpose, the amount of the deficiency. The Penalty of each Local Unit shall be paid to the United States Treasury at the direction of VPSA on behalf of and for the accounts of the Local Units no later than ninety (90) days after the end of the spending period to which the Penalty relates.

Section 15. Duties of VPSA.

VPSA shall carry out its duties and responsibilities under this Agreement and may retain agents, independent contractors and others that it deems qualified to carry out any or all of such duties and responsibilities.

VPSA shall carry out, or cause to be carried out, all of its responsibilities under the Letter Agreement.

VPSA shall retain a copy of all Rebate Computations for at least six (6) years after the retirement of the last of VPSA's Bonds.

VPSA agrees that, except as provided in this Agreement, any rebate liability that VPSA may have on account of the investment and reinvestment of the Gross Proceeds of VPSA's bonds, including, by way of example and not of limitation, any rebate liability as a result of the investment of money credited to funds and accounts created under its bond resolutions or as a result of the advance refunding of its bonds, shall be the sole responsibility of VPSA and not any Local Unit.

Section 16. Duties of the Depository.

The Depository shall carry out its duties and responsibilities under the SNAP Documents and this Agreement.

Section 17. Duties of Local Units.

A. The Local Units will cooperate with VPSA, the Investment Manager and the Depository in order to ensure that the purposes of this Agreement are fulfilled. To that end, each Local Unit covenants and agrees that it will take any and all action and refrain from taking any and all action, as recommended by its bond counsel, to maintain the exclusion from gross income for federal income tax purposes of interest on its Local School Bonds to the same extent such interest was so excludable on the Closing Date.

B. If a Local Unit is required to restrict the Yield on its investments in order to comply with such covenant or to maintain the exclusion from gross income for federal income tax purposes of the interest on VPSA's Bonds, it shall timely notify the Investment Manager to restrict such Yield to the VPSA's Bond Yield. To the extent permitted by law, each Local Unit agrees to provide for the payment of any Yield Reduction Payment required to comply with the Yield Restriction Requirement, from any funds that are, or may be made legally available, for such purpose. Each Local Unit acknowledges that the payment of its Yield Reduction Payment is necessary to maintain the exclusion from gross income for federal income tax purposes of interest on its Local School Bonds as well as the VPSA's Bonds. Each Local Unit agrees to complete and to provide to VPSA such forms as VPSA may request for filing in connection with the payment of the Local Unit's Yield Reduction Payment.

C. Each Local Unit agrees not to charge its general fund or otherwise set aside or earmark funds with which to pay debt service on its Local School Bonds (other than as a budget item) prior to the date of payment thereof to VPSA.

D. Each Local Unit agrees to provide for the payment of its Local Unit Rebate Requirement and/or Penalty and acknowledges that the payment of its Local Unit Rebate Requirement and/or Penalty is necessary to maintain the exclusion from gross income for federal income tax purposes of interest on its Local School Bonds as well as the VPSA's Bonds. Each Local Unit agrees to complete and to provide to VPSA such forms as VPSA may request for filing in connection with the payment of the Local Unit Rebate Requirement and/or Penalty.

E. Each Local Unit hereby covenants and represents that neither the Local Unit nor any related party, as defined in Section 1.150-1(b) of the Treasury Regulations, to such Local Unit, pursuant to any arrangement, formal or informal, will purchase the VPSA's Bonds in an amount related to the amount of Local School Bonds to be acquired from such Local Unit by VPSA.

Section 18. Responsibilities of the Investment Manager.

The Investment Manager shall be the agent of, and serve at the expense of, the Local Units, to manage and direct the temporary investment and reinvestment of all moneys to the credit of the Proceeds Accounts pending their disbursement to the Local Units and to make such computations as required by this Agreement.

In general, the duties of the Investment Manager shall include those described in the SNAP Documents.

In particular, the Investment Manager will direct the investment and reinvestment of moneys to the credit of the Subaccounts of each Local Unit in accordance with the Information Statement, the Contract and this Agreement.

Section 19. Costs.

Costs of SNAP are payable as provided in the Information Statement. The difference in the interest rates between VPSA's Bonds and the Local School Bonds shall be

collected and retained by VPSA as partial payment of the administrative costs incurred by VPSA in connection with issuing, carrying, and repaying VPSA's Bonds, and the underwriting discount, if any, and the cost of purchasing, carrying, and selling or redeeming the Local School Bonds. VPSA will not charge any other fee to the Local Units for its services or seek reimbursement for its fees and expenses, including counsel fees, incurred in connection with the discharge of its duties and responsibilities under this Agreement.

Section 20. Opinions of Counsel.

On the Closing Date, VPSA and each Local Unit shall furnish an opinion of counsel addressed, in the case of counsel to VPSA, to all the Local Units, and in the case of counsel to the Local Units, to VPSA, to the effect that the obligations of its client under this Agreement are valid, binding and enforceable against such client in accordance with its terms.

Section 21. Amendment.

This Agreement may be amended only with the consent of all the affected parties; provided, however, that this Agreement shall be amended whenever, in the judgment of VPSA, based on an opinion of its counsel, such amendment is required in order to insure that interest on VPSA's Bonds shall remain excludable from gross income for federal income tax purposes to the same extent it was, in the opinion of such counsel, so excludable on the Closing Date. VPSA shall offer to amend this Agreement whenever it shall in good faith determine, based on an opinion of its counsel, that any one or more of the restrictions or requirements imposed by this Agreement upon the Local Units, or any of them, may be removed or modified without adversely affecting the exclusion of interest on VPSA's Bonds from gross income for federal income tax purposes.

Section 22. Notices.

Whenever notice is to be given pursuant to the provisions of this Agreement, such notice shall be deemed to have been satisfactorily given on the same day if hand delivered or telecopied during regular business hours or three (3) days after the date of postmark if mailed, first class mail, postage prepaid, as follows:

If to VPSA, to	Virginia Public School Authority c/o State Treasurer
by hand	3rd Floor, James Monroe Building 101 North 14th Street Richmond, Virginia 23219
by mail	Post Office Box 1879 Richmond, Virginia 23218-1879
by telecopier	(804) 225-3187
in any case	Attention: Public Finance Manager
If to the Depository, to	Wachovia Bank, N.A.
By hand	1021 East Cary Street Richmond, Virginia 23219
By mail	Post Office Box 27602 Richmond, Virginia 23261
By telecopier	(804) 697-7370
In any case	Attention: Richard H. Grattan Senior Vice President
If to the Investment Manager, to	PFM Asset Management LLC
By hand	One Keystone Plaza, Suite 300 N. Front & Market Streets Harrisburg, PA 17101
By mail	One Keystone Plaza, Suite 300 N. Front & Market Streets Harrisburg, PA 17101
By telecopier	(717) 233-6073

In any case

Attention: Barbara Fava
Managing Director

If to a Local Unit, to the address or telecopier number indicated on the page of this Agreement executed by such Local Unit.

Any such address or number may be changed by written notice given to all the other parties to this Agreement and the Investment Manager, except that a Local Unit need give such notice only to VPSA, the Depository and the Investment Manager.

Section 23. No Third Party Beneficiaries.

Except as herein otherwise expressly provided, nothing in this Agreement expressed or implied is intended or shall be construed to confer upon any person, firm or corporation other than the parties hereto any right, remedy or claim, legal or equitable, under or by reason of this Agreement or any provision hereof, this Agreement and all its provisions being intended to be and being for the sole and exclusive benefit of the parties hereto.

Section 24. Severability.

In case any one or more of the provisions of this Agreement shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Agreement and this Agreement shall be construed and enforced as if such illegal or invalid provision had not been contained herein. In case any covenant, stipulation, obligation or agreement contained in this Agreement shall for any reason be held to be in violation of law, then such covenant, stipulation, obligation or agreement shall be deemed to be the covenant, stipulation, obligation or agreement of the affected party to the full extent permitted by law.

Section 25. No Personal Liability.

All covenants, stipulations, obligations and agreements of VPSA contained in this Agreement shall be deemed to be covenants, stipulations, obligations and agreements of VPSA

to the full extent authorized by the laws and permitted by the Constitution of Virginia. No covenant, stipulation, obligation or agreement contained herein shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future member, employee or agent of VPSA or any Local Unit in his individual capacity. No commissioner, officer, employee or agent of VPSA or any Local Unit shall incur any personal liability in acting or proceeding or in not acting or not proceeding, in good faith, reasonably and in accordance with the terms of this Agreement and the applicable laws of the Commonwealth of Virginia.

Section 26. Applicable Law.

This Agreement is executed with the intent that the laws of the Commonwealth of Virginia shall govern its construction.

Section 27. Counterparts.

This Agreement may be executed in one or more counterparts.

Section 28. Effective Date; Term.

This Agreement shall take effect on the Closing Date and shall expire on the date on which VPSA shall make the final rebate payment required by Part D of the Letter Agreement.

Virginia Public School Authority

By: _____
Name: Richard A. Davis
Title: Assistant Secretary and
Assistant Treasurer

Wachovia Bank, N.A.

By: _____
Name: Richard H. Grattan
Title: Senior Vice President

PFM Asset Management LLC

By: _____
Name: Barbara Fava
Title: Managing Director

NAME OF ISSUER: _____

Page 1 of 2

A. Address for notices, by hand, by mail and by telecopier, if any, as referred to in Section 22 above:

B. Authorized Representative(s):

Name

Title

Specimen Signature

C. Local School Bonds Closing Date (if not November 9, 2006 enter Date of Issue of Local School Bonds): _____

D. Is the Small Issuer Exception applicable to this Issuer? (If yes, an opinion of Bond Counsel and Issuer's covenant is required as per Section 9 herein).

Yes _____ No _____

E. Eighteen Month Exception:

Estimated Investment Earnings for purposes of the Eighteen-Month Exception: \$ _____

If any proceeds are used to refund prior debt, please indicate:

proceeds used to refund prior debt: \$ _____

issuance expense allocable to the refunding portion of the issue: \$ _____

NAME OF ISSUER: _____

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F. Elections with respect to Two-Year Exception:

1. Election to use actual facts in lieu of reasonable expectations for purposes of the Two-Year Exception:

Yes _____ No _____

2. Estimated Investment Earnings: \$ _____

1. If any proceeds are used to refund prior debt, please indicate:

(a) proceeds used to refund prior debt: \$ _____

(b) issuance expenses allocable to the refunding portion of the issue:
\$ _____

2. Bifurcation Election to treat the portion of the issue used for construction as a separate issue:

Yes _____ No _____

If yes, state the portion of the issue used for construction and non-construction, respectively; (the sum of the following amounts must equal the issue price of \$ _____ reduced by any portion used for refunding purposes):

(a) portion of the issue used for construction: \$ _____

(b) issuance expenses allocable to the construction portion of the issue: \$ _____

(c) portion of the issue used for non-construction: \$ _____

(d) issuance expenses allocable to the non-construction portion of the issue: \$ _____

3. Penalty Election to pay One and One-Half Percent Penalty in lieu of rebate:

Yes _____ No _____

City/County

By: _____
Name: _____
Title: _____

LOCAL SCHOOL BONDS – NON-SUBSIDY

<u>Local Unit</u>	<u>Principal Amount of Bonds</u>	<u>Purchase Price</u>
	\$	\$

TOTAL:	\$	\$
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LOCAL SCHOOL BONDS – SUBSIDY

<u>Local Unit</u>	<u>Principal Amount of Bonds</u>	<u>Purchase Price</u>
	\$	\$

TOTAL:	\$	\$
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Exhibit B

[No requisition is required in conjunction with a check payable to a vendor in respect of an invoice due and payable.]

**FORM OF REQUISITION FOR REIMBURSEMENT BY
PRE-AUTHORIZED ELECTRONIC FUNDS TRANSFER**

[To be used for REIMBURSEMENT to a Local Unit from Local School Bond proceeds for an invoice or obligation that has been paid and is eligible for payment from Local School Bond proceeds.]

PFM Asset Management LLC
One Keystone Plaza, Suite 300
N. Front & Market Streets
Harrisburg, Pennsylvania 17101

**VIRGINIA PUBLIC SCHOOL AUTHORITY [Name of Local Unit]
BOND PROCEEDS ACCOUNT - SERIES 2006 B ISSUE**

Requisition from the Principal Subaccount

Requisition No. _____
("item number")

This requisition for payment from the Principal Subaccount of the Proceeds Account is submitted in accordance with the provisions of the Proceeds Agreement dated November 9, 2006, among the Virginia Public School Authority ("VPSA"), the undersigned (the "Local Unit") and the other units of local government signatory thereto, PFM Asset Management LLC, as Investment Manager and Wachovia Bank, N.A., as Depository. You are hereby notified that you are authorized and directed by the Local Unit to pay the following obligation from the Principal Subaccount:

1. The item number of such payment: ____
2. The amount[s] to be paid: \$ _____
3. Purpose by general classification for which such obligation was incurred:

4. The date(s) the expenditure(s) was/were made:

To reimburse the Local Unit for costs of the _____ School paid by the Local Unit through _____, 20__ as follows:

5. A copy of each supporting [invoice, work order, statement] for which reimbursement is to be made is attached hereto.

6. The obligation[s] in the stated amount[s] have been paid, and each item thereof is a proper charge against the proceeds of the Local Unit's Proceeds Account and has not been the subject of a previous withdrawal from the Proceeds Account.

7. All of which is hereby certified.

Dated _____

[Name of Local Unit]

By: _____
Authorized Local Unit
Representative

**Virginia Public School Authority
101 North 14th Street
Richmond, Virginia 23219**

**LETTER AGREEMENT
November 9, 2006**

**Re: Custody, Investment, and
Disbursement of Proceeds of Local School
Bonds Purchased by the Virginia Public School
Authority with the Proceeds of Its \$[2006 B PAR AMOUNT]
School Financing Bonds (1997 Resolution)
Series 2006 B**

This **LETTER AGREEMENT**, dated the date shown above (this "Letter Agreement"), is between the Authority and the Investment Manager. All capitalized terms used herein shall have the meaning given to them in Part E of this Letter Agreement or in Section 2 of the Proceeds Agreement to which this Letter Agreement is attached as Exhibit C.

With respect to the VPSA's Bonds, the Code requires that an amount equal to the VPSA's Rebate Requirement be paid to the United States Treasury. With respect to each issue of Local School Bonds, the Code requires that an amount equal to the Local Unit's Rebate Requirement be paid to the United States Treasury. Accordingly, VPSA hereby directs the Investment Manager, as provided below, to assist VPSA and each Local Unit to comply with the VPSA's Rebate Requirement and the respective Local Unit's Rebate Requirement.

To enable VPSA and the Local Units to fulfill their respective obligations under the Proceeds Agreement and to make such payments, and to enable the Investment Manager to fulfill its obligations under this Letter Agreement, the Investment Manager will prepare, on or before June 1, 2006 and each June 1 thereafter, the Investment Reports for VPSA as of the preceding November 9 and each Local Unit as of the preceding November 9. In addition, if a Local Unit has selected a Local Unit Computation Date other than an Installment Computation Date or the Final Computation Date, the Investment Manager will prepare the Investment Report for such Local Unit within (7) days after the Local Unit Computation Date. On the basis of such Investment Reports, VPSA shall cause the Rebate Calculation Agent to prepare (a) the Local Unit Rebate Computation setting forth the Local Unit Rebate Requirement as of each Computation Date for each Local Unit with respect to its issue of Local School Bonds as described in paragraph 3 of Part B hereto and (b) a calculation of the Yield Reduction Payment as of each Computation Date that must be paid by the Local Unit to comply with the Yield Restriction Requirement as described in Part D hereto. In addition, the Investment Manager will, based on the Rebate Report, transfer, within thirty (30) days after the Computation Date of each Local Unit, from its Principal Subaccount, if necessary, to its Income Subaccount, the amount required so that the amount to the credit of the Income Subaccount of each Local Unit shall equal its Local Unit Rebate Requirement.

A. Investment Report

With respect to all Nonpurpose Investments acquired during the term of this Letter Agreement with Gross Proceeds of each issue of Local School Bonds, the Investment Manager shall maintain separate Investment Reports for each issue of Local School Bonds.

The Investment Report for each Local Unit shall reflect the investments made with respect to its Proceeds Account.

B. Rebate Computation on Local School Bonds

VPSA shall compute each Local Unit's Rebate Requirement with respect to its issue of Local School Bonds in accordance with the procedure described below:

1. As of each Computation Date, VPSA shall cause the Rebate Calculation Agent to determine the Future Value of all nonpurpose payments made with respect to the Nonpurpose Investments purchased with or allocated to the Gross Proceeds of the Local School Bonds, as well as any rebate payments made, to such Computation Date in accordance with the requirements of the Treasury Regulations. Unless VPSA shall otherwise direct, transaction costs incurred in acquiring, carrying, selling or redeeming such obligations, shall be accounted for as provided in the Information Statement.

2. As of each Computation Date, VPSA shall cause the Rebate Calculation Agent to determine the Future Value of all nonpurpose receipts received with respect to the Nonpurpose Investments purchased with or allocated to the Gross Proceeds of the Local School Bonds, as well as any rebate payments recovered, to such Computation Date in accordance with the requirements of the Treasury Regulations.

3. As of each Computation Date, VPSA shall subtract the amount computed pursuant to paragraph 1 from the amount computed pursuant to paragraph 2. Such amount shall be the "Local Unit Rebate Requirement" as of the Computation Date.

4. Each of the Local Units has covenanted in Section 17 of the Proceeds Agreement not to charge its general fund or otherwise set aside or earmark funds with which to pay debt service on its Local School Bonds (other than as a budget item) prior to the date of payment thereof to VPSA.

5. The Local Unit Rebate Requirement may be treated as being met and no rebate computation shall be required with respect to the proceeds of the VPSA's Bonds applied to purchase such Local Unit's Local School Bonds if the VPSA receives the opinions and covenants or certification described in Section 9A of the Proceeds Agreement that a Local Unit meets the requirements of the (a) Six-Month Exception, (b) Eighteen-Month Exception, (c) Small Issuer Exception, or (d) Two-Year Exception, subject to the provisions described below.

(a) Six-Month Exception. Notwithstanding the fact that all of the Gross Proceeds of the Local School Bonds are spent within six (6) months of the date of issue and no other Gross Proceeds of the Local School Bonds are anticipated for the remainder of the term of the issue, if Gross Proceeds of the Local School Bonds become available after the

end of the initial six-month period, the Local Unit Rebate Requirement shall be computed with respect to such Gross Proceeds in accordance with the procedure described above.

(b) Eighteen-Month Exception. Notwithstanding the fact that all of the Gross Proceeds of the Local School Bonds are spent within eighteen (18) months of the date of issue and no other Gross Proceeds of the Local School Bonds are anticipated for the remainder of the term of the issue, if Gross Proceeds of the Local School Bonds become available after the end of the initial eighteen-month period, the Local Unit Rebate Requirement shall be computed with respect to such Gross Proceeds in accordance with the procedure described above.

(c) Small Issuer Exception. If a Local Unit delivers to VPSA no later than the end of calendar year 2006 (i) the opinion of nationally recognized bond counsel that the Local School Bonds of such Local Unit purchased by VPSA with the proceeds of the VPSA's Bonds will be treated as meeting the requirements of Code Sections 148 (f)(2) and (3) pursuant to Code Section 148 (f)(4)(D) and (ii) the Local Unit's covenant that it shall provide for the payment of or reimburse VPSA for its payment of the Local Unit Rebate Requirement in the event that the Local School Bonds of such Local Unit fail to meet all the requirements of the Small Issuer Exception, then no rebate computation shall be made with respect to the proceeds of VPSA's Bonds applied to purchase such Local School Bonds. Although the Local School Bonds of a Local Unit may qualify for the Small Issuer Exception, custody, investment and disbursement of the proceeds of the VPSA's Bonds applied to the purchase of the Local Unit's Local School Bonds shall continue under the Proceeds Agreement, and the Investment Manager shall continue to provide an Investment Report for such Local Unit.

6. In addition to the foregoing, no rebate computation shall be required with respect to the proceeds of the VPSA's Bonds applied to purchase a Local Unit's Local School Bonds if a Penalty Election has been made on behalf of the Local Unit with respect to such Local School Bonds.

C. Aggregate Rebate Computation on Local School Bonds

In the event that the Treasury Regulations require that the Local Units' Rebate Requirements be calculated in the aggregate, VPSA shall compute the Aggregate Local Units' Rebate Requirement in accordance with the procedure set forth below.

1. As of each Computation Date, VPSA shall cause the Rebate Calculation Agent to determine the Future Value of all nonpurpose payments made with respect to the Nonpurpose Investments purchased with or allocated to the Gross Proceeds of all of the Local School Bonds in the aggregate (except those qualifying for one of the Rebate Exceptions or those that have made the Penalty Election), as well as any rebate payments made, to such Computation Date in accordance with the requirements of the Treasury Regulations.

2. As of each Computation Date, VPSA shall cause the Rebate Calculation Agent to determine the Future Value of all nonpurpose receipts received with respect to the Nonpurpose Investments purchased with or allocated to the Gross Proceeds of all of the Local School Bonds

in the aggregate (except those qualifying for one of the Rebate Exceptions or those that have made the Penalty Election), as well as any rebate receipts recovered, to such Computation Date in accordance with the requirements of the Treasury Regulations.

3. As of each Computation Date, VPSA shall subtract the amount computed pursuant to paragraph 1 from the amount computed pursuant to paragraph 2. Such amount shall be the "Aggregate Local Units' Rebate Requirement" as of the Computation Date.

D. Yield Reduction Payment

With respect to each Local Unit that has amounts on deposit in its Proceeds Accounts on and after November 9, 2009, VPSA shall cause the Rebate Calculation Agent to compute, as of each Computation Date, the amount that such Local Unit must pay as a Yield Reduction Payment pursuant to Treas. Reg. Section 1.148-5(c) in order to cause the Yield on the investment of any amounts in the Proceeds Account on and after November 9, 2009 to be less than or equal to the VPSA's Bond Yield. The calculation of such Yield Reduction Payment shall not take into account any investment activity prior to November 9, 2009. Such amount shall be the "Local Unit Yield Reduction Payment" as of the Computation Date.

E. Rebate Payment

1. Upon the calculation of the Local Unit Rebate Requirement and Yield Reduction Payment for each Local Unit, VPSA shall notify the Investment Manager thereof. The Investment Manager shall promptly charge the Principal Subaccount of a Local Unit to the extent the amount on deposit to the credit of its Income Subaccount is less than the sum of its Local Unit Rebate Requirement and Local Unit Yield Reduction Payment and credit its Income Subaccount with an amount such that the balance to the credit of the Income Subaccount is equal to the sum of its Local Unit Rebate Requirement and Local Unit Yield Reduction Payment (taking into account prior amounts credited to the Income Subaccount including investment income thereon). To the extent that the amount on deposit in the Principal Subaccount is insufficient to provide for a deposit to the Income Subaccount such that the balance in the Income Subaccount is equal to the sum of the Local Unit Rebate Requirement and Local Unit Yield Reduction Payment for the Local Unit, the Investment Manager shall advise VPSA and such Local Unit of the amount of the deficiency so that the Local Unit may promptly transfer to the Depository the amount required pursuant to Section 12 of the Proceeds Agreement.

2. In addition to the computation of the Local Units' Rebate Requirement, VPSA shall calculate its Rebate Requirement with respect to Nonpurpose Investments that were acquired with the Gross Proceeds of the VPSA's Bonds in accordance with the procedures set forth in the Tax Certificate executed by VPSA in connection with the issuance of the VPSA's Bonds.

3. The Local Unit Rebate Requirement for each Local Unit, if a positive number, shall be paid at the direction of VPSA to the United States in installments. Each payment must be in an amount not less than the total of ninety percent (90%) of the Local Unit Rebate Requirement for each Local Unit as of each Installment Computation Date. All of the Local Unit Rebate Requirement must be paid to the United States within sixty (60) days after the Final

Computation Date. All of the Local Unit Yield Reduction Payment as of each Computation Date must be paid to the United States within sixty (60) days of each Computation Date. Each payment shall be made not later than sixty (60) days after each Computation Date. Payment shall be made to the Internal Revenue Service Center, Ogden, Utah 84201 and be accompanied by Form 8038-T. VPSA shall make such payment as required. Investment Reports and records of the determinations made hereunder shall be retained by the Investment Manager and by VPSA, respectively, until six (6) years after the retirement of the last of VPSA's Bonds.

F. Definitions

In addition to the words and terms defined in the Proceeds Agreement to which this Letter Agreement is attached as Exhibit C, the following words and terms shall have the following meanings:

"Bond Resolution" shall mean the resolution of the Authority adopted on October 23, 1997, as amended and restated on October 5, 1998, and as supplemented.

"Fair Market Price" shall mean the purchase price and disposition price of a Nonpurpose Investment. Any Nonpurpose Investment purchased must be purchased at the Fair Market Price. An investment that is not of a type traded on an established market, within the meaning of Section 1273 of the Code, is rebuttably presumed to be acquired or disposed of at a price that is not equal to its fair market value. Accordingly, a premium may not be paid to adjust the yield on an investment, a lower interest rate than is usually paid may not adjust the yield on an investment and no transaction may result in a smaller profit or larger loss than would have resulted if the transaction had been at arm's-length and had the yield with respect to the Bonds not been relevant to either party. Pursuant to Treasury Regulation Section 1.148-5(d), the following are safe harbors for establishing the Fair Market Price of certificates of deposit and guaranteed investment contracts:

(i) Certificate of Deposit. A certificate of deposit with a fixed interest rate, fixed payment schedule and a substantial penalty for early withdrawal will be deemed purchased for fair market value if the yield on the certificate of deposit is not less than (i) the yield on reasonably comparable direct obligations of the United States and (ii) the highest yield published or posted by the provider to be currently available from the provider on reasonably comparable certificates offered to the public. See Section 1.148-5(d)(6)(ii) of the Treasury Regulations.

(ii) Investment Agreement. Investments pursuant to a guaranteed investment contract will be regarded as being made at fair market value if

(a) A bona fide solicitation for a guaranteed investment contract is made that satisfies all of the following requirements: (A) the bid specifications are in writing and are timely forwarded to potential providers, (B) the bid specifications include all material terms that may directly or indirectly affect the yield or the cost of the guaranteed investment contract, (C) the bid specifications include a statement notifying potential providers that submission of a bid is a representation that the potential provider did not consult with any other potential

provider about its bid, that the bid was determined without regard to any other formal or informal agreement that the potential provider has with the Issuer or any other person (whether or not in connection with the issuance of the Bonds), and that the bid is not being submitted solely as a courtesy to the Issuer or any other person for purposes of satisfying the requirements contained in Section 1.148-5(d)(6)(iii)(B)(1) or (2) of the Treasury Regulations, (D) the terms of the bid specifications are commercially reasonable in that there is a legitimate business purpose for each term other than to increase the purchase price or reduce the yield of the guaranteed investment contracts, (E) the terms of the solicitation take into account the reasonably expected deposit and drawdown schedule for the amounts to be invested, (F) all potential providers have an equal opportunity to bid and no potential provider is given the opportunity to review other bids (i.e., a “last look”) before providing a bid, (G) in those cases where the Issuer engages a bidding agent to conduct the bidding, such agent did not bid to provide the investment, and (H) at least three reasonably competitive providers are solicited for bids. A “reasonably competitive provider” is a provider that has an established industry reputation as a competitive provider of investments of the same type as such guaranteed investment contract;

(b) At least three bona fide bids on the guaranteed investment contract are received from providers that have no material financial interest in the Bonds. The following are deemed to have a material financial interest in the Bonds: (A) the lead purchaser in a negotiated underwriting transaction until 15 days after the issue date of the issue, (B) any entity acting as a financial advisor with respect to the purchase of the guaranteed investment contract at the time the bid specifications are forwarded to potential providers, and (C) a provider that is a related party to a provider that has a material financial interest in the execution and delivery of the Bonds;

(c) At least one of the three bids received is from a reasonably competitive provider, as described above;

(d) The winning bidder provides a certificate that (A) lists the recipients, amounts and purposes of any brokerage fee, placement fee, commission or administrative costs that it is paying (or expects to pay) to third parties in connection with supplying the guaranteed investment contract, (B) states that the yield on the guaranteed investment contract is not less than the yield available from the provider on reasonably comparable guaranteed investment contracts offered to other persons from sources of funds other than gross proceeds of tax-exempt obligations, and (C) in those agreements wherein the Issuer deposits amounts (other than amounts deposited in debt service funds or reasonably required reserve or replacement funds) states that the Issuer’s draw-down schedule was a significant factor in determining the terms of the guaranteed investment contract;

(e) The highest yielding guaranteed investment contract for which a bona fide bid was made is purchased (determined net of broker’s fees, if any); and

(f) The following records are retained with the bond documents until three years after the last outstanding Bond is redeemed: (A) a copy of the guaranteed investment contract, (B) the receipt or other record amount actually paid for the guaranteed investment contract, including a record of any administrative costs paid and the certification under subsection (d) hereof, (C) for each bid that is submitted, the name of the person and entity submitting the bid, the time and date of the bid, and the bid results, and (D) the bid solicitation form and, if the terms of the guaranteed investment contract deviated from the bid solicitation form or a submitted bid is modified, a brief statement explaining the deviation and stating the purpose for the deviation.

“Future Value” of a payment or receipt at the end of any period is determined using the economic accrual method and equals the value of that payment or receipt when it is paid or received (or treated as paid or received), plus interest assumed to be earned and compounded over the period at a rate equal to the Yield on the VPSA’s Bonds, using the same compounding interval and financial conventions used to compute that yield.

“Gross Proceeds” shall have the meaning ascribed to such term in Section 148 of the Code and shall mean:

(a) amounts actually received or constructively received by VPSA from the sale of the VPSA’s Bonds and the amounts actually or constructively received by the Local Units from the sale of the Local School Bonds, other than any interest accruing on the VPSA’s Bonds from the dated date to the issue date of such bonds;

(b) amounts treated as Transferred Proceeds (as defined in Treasury Regulations Section 1.148-9) of the VPSA’s Bonds or the Local School Bonds, if any;

(c) amounts that are reasonably expected to be or are in fact used to pay debt service on the Bonds including amounts in the sinking fund portion of the 1997 Income Fund under the Bond Resolution and the 1997 Sinking Fund under the Bond Resolution;

(d) securities or obligations pledged by the VPSA or Local Unit as security for payment of debt service with respect to the VPSA’s Bonds or the Local School Bonds;

(e) amounts received with respect to any investments acquired with Gross Proceeds for the purpose of carrying out the governmental purpose for which the VPSA’s Bonds or the Local School Bonds were issued, including the Local School Bonds, except that such amounts shall not include amounts, if any, that are properly allocable to qualified administrative costs recoverable under Treasury Regulation Section 1.148-5(e) or to the higher yield permitted under Treasury Regulation Section 1.148-2(d) or Section 143(g) of the Code;

(f) amounts treated as “replacement proceeds” of the VPSA’s Bonds or the Local School Bonds within the meaning of section 1.148-1(c) of the Treasury Regulations;

(g) any funds that are part of a reserve or replacement fund for the VPSA Bonds or Local School Bonds; and

(h) amounts received as a result of investing any Gross Proceeds.

Gross Proceeds shall include amounts that are on deposit in the Income Subaccount to the extent that such amounts are derived from Gross Proceeds of the VPSA’s Bonds or the Local School Bonds. The determination of whether an amount is included within this definition shall be made without regard to whether the amount is credited to any fund or account established under the Bond Resolution, or whether the amount is subject to the pledge of the Bond Resolution.

For purposes of subsection (d) above, an amount is pledged to pay principal or interest with respect to VPSA’s Bonds or Local School Bonds if there is a reasonable assurance that the amount will be available for such purposes in the event that the VPSA or Local Unit encounters financial difficulties. An amount can be indirectly pledged to pay principal or interest with respect to VPSA’s Bonds or Local School Bonds if it is pledged to a guarantor of either or both such bonds. An amount may be “negatively” pledged to pay principal or interest with respect to VPSA’s Bonds or Local School Bonds if it is held under an agreement to maintain the amount at a particular level for the direct or indirect benefit of the holders of the bonds or a guarantor of the bonds. An amount is not negatively pledged however if (i) VPSA or the Local Units may grant rights in the amount that are superior to the rights of the holders of the bonds or a guarantor of the bonds, or (ii) the amount does not exceed reasonable needs for which it is maintained, the required level is tested no more frequently than every 6 months, and the amount may be spent without any substantial restriction other than a requirement to replenish the amount by the next testing date.

If a decision is made to apply any insurance or condemnation proceeds to the redemption of VPSA’s Bonds or Local School Bonds instead of using such proceeds for repair or replacement, any such proceeds become Gross Proceeds on the date of such a decision.

The definition of Gross Proceeds has been set out in full for the sake of completeness. With respect to each Local School Bond, all of the Gross Proceeds are on deposit in such Local Unit’s Proceeds Account except to the extent that the Local School Bonds may be part of a composite issue under Treasury Regulation §1.150-1(c), or the Local Unit may have retained Transferred Proceeds. With respect to the VPSA’s Bonds, all of its Gross Proceeds are the total of the amounts on deposit in the Proceeds Accounts of the Local Units, except as provided above, and the amounts on deposit in the sinking fund portion of its 1997 Income Fund under the Bond Resolution and the 1997 Sinking Fund under the Bond Resolution.

“Investment Report” shall mean the record of investment activity maintained by the Investment Manager with respect to the investment property and the Local Units, as described in the Contract.

“Local Unit’s Rebate Requirement” shall mean the sum of (i) the excess of (A) the aggregate amount earned on all Nonpurpose Investments acquired with the Gross Proceeds of the Local School Bonds over (B) the amount that would have been earned if the Nonpurpose Investments had a Yield equal to the VPSA’s Bond plus (ii) any income attributable to the excess described in clause (i).

“Nonpurpose Investments” shall mean any security, obligations, annuity contract or any other investment-type property (as such term is defined in Section 1.148-1(b) of the Treasury Regulations) that is not acquired to carry out the governmental purpose of the VPSA’s Bonds or the Local School Bonds. Nonpurpose Investments shall not include Tax-Exempt Investments. Any Nonpurpose Investments shall be purchased by the Investment Manager only if the purchase price of the Nonpurpose Investment is the Fair Market Price.

“Rebate Calculation Agent” shall mean that accounting firm with a favorable national reputation in the field of the calculation of amounts subject to rebate to the United States under Section 148(f) of the Code and the Temporary Regulations that has been appointed under Section 7.2 of the Contract or by VPSA.

“Tax-Exempt Investments” shall include:

- (i) obligations the interest on which is excludable from gross income for federal income tax purposes, and not treated as an item of tax preference under Section 57(a)(5)(C) of the Code,

- (ii) stock in a regulated investment company to the extent that at least 95% of the income to the holder of the interest is excludable from gross income under Section 103 of the Code, and

- (iii) certificates of indebtedness issued by the United States Treasury pursuant to Demand Deposit State and Local Government Series program described in 31 CFR part 344 (“SLGs”).

“Treasury Regulations” shall mean the Treasury Regulations Sections 1.148-0 through 1.148-11, 1.149(b)-1, 1.149(d)-1, 1.149(e)-1, 1.149(g)-1, Section 1.150-1 and Section 1.150-2, as amended from time to time hereafter, and other regulations promulgated under Section 148 of the Code.

“VPSA’s Rebate Requirement” shall mean the sum of (i) the excess of (A) the aggregate amount earned on all Nonpurpose Investments acquired with the Gross Proceeds of VPSA’s Bonds over (B) the amount that would have been earned if the Nonpurpose Investments had a Yield equal to VPSA’s Bond Yield plus (ii) any income attributable to the excess described in clause (i).

“Yield”, for purposes of this Letter Agreement, shall be calculated pursuant to the Treasury Regulations by means of an actuarial method of yield calculation whereby “yield” means that discount rate which, when used in computing the present value of all the unconditionally payable payments of principal and interest and all the payments for a qualified guarantee paid and to be paid with respect to the bond, produces an amount equal to the issue

price of the bond. For purposes of this Letter Agreement, the Yield on VPSA's Bonds is [2006 B YIELD]%. The Yield on investments must be computed by the use of the same frequency interval of compounding interest as is used in computing the Yield on the VPSA's Bonds and the Local School Bonds.

G. Amendments

In order to comply with the covenants by VPSA and each of the Local Units regarding compliance with the requirements of the Code and the exclusion from federal income taxation of the interest paid and to be paid on the Local School Bonds and VPSA's Bonds, the procedures described in this Letter Agreement may be modified as necessary, based on the advice of counsel, to comply with rulings, regulations, legislation or judicial decisions as may be applicable to such bonds.

Very truly yours,

VIRGINIA PUBLIC SCHOOL AUTHORITY

By: _____
Name: Richard A. Davis
Title: Assistant Secretary and
Assistant Treasurer

Accepted: **PFM Asset Management LLC**

By: _____
Name: Barbara Fava
Title: Managing Director

AUTHORIZED REPRESENTATIVES

The following are the Authorized Representatives of Virginia Public School Authority, Wachovia Bank, N.A. and PFM Asset Management LLC:

VIRGINIA PUBLIC SCHOOL AUTHORITY:

<u>Name</u>	<u>Title</u>	<u>Specimen Signature</u>
Richard A. Davis	Assistant Secretary and Assistant Treasurer	
Evelyn R. Whitley	Assistant Secretary and Assistant Treasurer	

WACHOVIA BANK, N.A.:

<u>Name</u>	<u>Title</u>	<u>Specimen Signature</u>
Richard H. Grattan	Senior Vice President	

PFM ASSET MANAGEMENT LLC:

<u>Name</u>	<u>Title</u>	<u>Specimen Signature</u>
Barbara L. Fava	Managing Director	



CITY OF ROANOKE OFFICE OF THE CITY MANAGER

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September 18, 2006

Honorable C. Nelson Harris, Mayor
Honorable David B. Trinkle, Vice Mayor
Honorable Beverly T. Fitzpatrick, Jr., Council Member
Honorable Alfred T. Dowe, Jr., Council Member
Honorable Sherman P. Lea, Council Member
Honorable Gwendolyn W. Mason, Council Member
Honorable Brian J. Wishneff, Council Member

Dear Mayor Harris and Members of City Council:

Subject: Approval of Enterprise Zone One
A and Enterprise Zone Two and its
Subzone Amendment Applications and
Amendments to Ordinances No. 33019-
070196 and 36782-071904

Background:

Since the creation of Enterprise Zones One A and Two and its Subzone, which include residential properties, the need to include residential areas in the zones has been lessened. Amendments are being proposed to the Enterprise Zone programs which would remove from the zones the majority of the areas zoned solely residential. As part of the process of removal, each property owner was sent notification prior to submission of this letter. Copies of the proposed amendment applications, including maps, are available for review in the City Clerk's office and in the Economic Development Division's office.

If most of the residential portions of the zones are removed, commercial and industrial pockets previously left out due to size limitations on such zones can be added. The Zone One A boundary amendment would include some highly visible land, approximately 32 acres, running along Interstate 581, an area of about 22 acres along Melrose Avenue near Lafayette Boulevard, and a little over 10 acres of vacant land in the northwestern section near Steel Dynamics.

Enterprise Zone Two and its Subzone would gain a portion of Plantation Road north of Liberty Road of approximately 16 acres and 28.5 acres of an industrial area off of King Street on Glade View Drive. Maps showing the proposed boundary amendments are attached hereto and are also on file in the City Clerk's Office. (Attachment 1)

Each amendment application also proposes modifications to certain incentives. The proposed amendment for Enterprise Zone One A would amend Ordinance No. 36782-071904 as noted herein. In Enterprise Zone One A, the fire suppression retrofit grant is underutilized because it applies only to those commercial, mixed use commercial, and industrial buildings installing a new, first time fire suppression system when not required by code. The amendment proposed is to modify the fire suppression retrofit grant, which pays through IDA grants a percentage of the monthly fire service charge for such system, to allow existing commercial, mixed use commercial, and industrial buildings to install such fire suppression systems, whether required by code or not. The present incentive allows 50% payment of the annual total of the monthly fire suppression charges in the first year, 40% in the second, 30% in the third, 20% in the fourth, and 10% in the fifth. Because the City does not receive the payments for the fire service charges (they are paid to the Western Virginia Water Authority), grants would be capped at a percentage of the charge of the average line size of 6" yearly rate. For example, if an owner installs a new fire suppression system into an existing building, the fire hookup charge would be paid according to the Water, Fire and Sewer Hookup incentive. However, the total of the monthly bills for fire service charges for the system would be submitted on a yearly basis between January 1 and March 31 for the previous calendar year. A 6" line fire service costs \$2,000 per year. The first year, the grant would not exceed \$1,000. In the second year at a 40% rate, the grant would not exceed \$800, the third year \$600, etc. The grant structure would be capped to accommodate an anticipated increase in the number of applicants.

In addition to the current incentive, the Industrial Development Authority of the City of Roanoke, Virginia, (IDA) has asked to modify the existing definition of a façade for the Façade Grant program in Enterprise Zone One A. The definition would be changed to "the portion of any exterior elevation which faces or abuts a public right-of-way and contains the principal entrance to the building or is immediately adjacent thereto." This definition will limit the incentive to one side of a building only.

The proposed amendment for Enterprise Zone Two and its Subzone would amend Ordinance No. 33019-070196 by adding an incentive to improve certain

parking lots with landscaping and paving. There are many unpaved gravel parking lots in this zone. Not only are they very unsightly, but they also are contributing gravel and other materials to City-owned detention basins, shortening their life. Therefore, the City proposes to provide, through IDA grants, up to one-third of the cost of paving such parking lots, provided landscaping according to zoning regulations is part of the project, up to a maximum of \$25,000 per parking lot. The IDA would have to approve the work for this incentive prior to the start of work. The proposed amendment would also clarify the term "business firm" as used in references for Enterprise Zone Two in light of recent state code changes.

In order to establish the Parking Lot and Landscaping incentive, it is necessary to appropriate funds to the Enterprise Zone Two account the amount of \$50,000, which is the yearly amount provided for this incentive.

Due to the overwhelming response, funds for the façade grant program are nearly depleted for the 2007 fiscal year. The IDA requests that Council appropriate an additional \$50,000 to the façade grant program.

In accordance with the Department of Housing and Community Development's Virginia Enterprise Zone Program regulations, the local governing body must hold at least one public hearing affording citizens or interested parties an opportunity to be heard on such matters before submitting an amendment application to the department for consideration. Such public hearing will be held at Council's regular 7:00 p.m. meeting on September 18, 2006. The amendments mentioned above are subject to approval by the Virginia Department of Housing and Community Development (VDHCD), and, if approved, will be retroactive to January 1, 2006.

Recommended Action:

Absent comments at the public hearing requiring further consideration, City Council adopt the appropriate measures, including the amendments of the ordinances mentioned above, to extend the boundaries of Enterprise Zones One A and Two and its Subzone and to amend certain local incentives for Enterprise Zone One A and Zone Two and its Subzone, subject to approval by the VDHCD, with an effective date retroactive to January 1, 2006, for the amended local incentives, all as set forth above.

Furthermore, City Council authorize the City Manager to apply to the VDHCD for approval of the above described amendments and to take such further action and/or to execute such additional documents as may be needed to

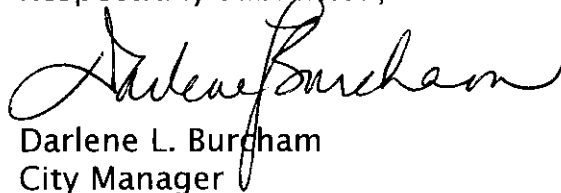
Mayor Harris and Members of City Council
September 18, 2006
Page 4

obtain or confirm such amendments, and to establish appropriate rules and regulations as may be needed to implement and administer such local incentives once approved.

Appropriate funding in the amount of \$50,000 from the Economic & Community Development Reserve to a new project account titled "Enterprise Zone Two Parking Lot Incentives" to be established in the Capital Projects Fund.

Appropriate funding in the amount of \$50,000 from the Economic & Community Development Reserve to a new project account titled "Enterprise Zone One A Façade Grant" to be established in the Capital Projects Fund.

Respectfully submitted,



Darlene L. Burcham
City Manager

DLB:cc

C: William M. Hackworth, City Attorney
Jesse A. Hall, Director of Finance
Stephanie Moon, Acting City Clerk
R. Brian Townsend, Director of Planning, Building and Economic Development
Sherman M. Stovall, Director of Management and Budget
Harwell M. Darby, Jr., Assistant Secretary and Council to the Industrial Development Authority

CM06-0161

City of Roanoke

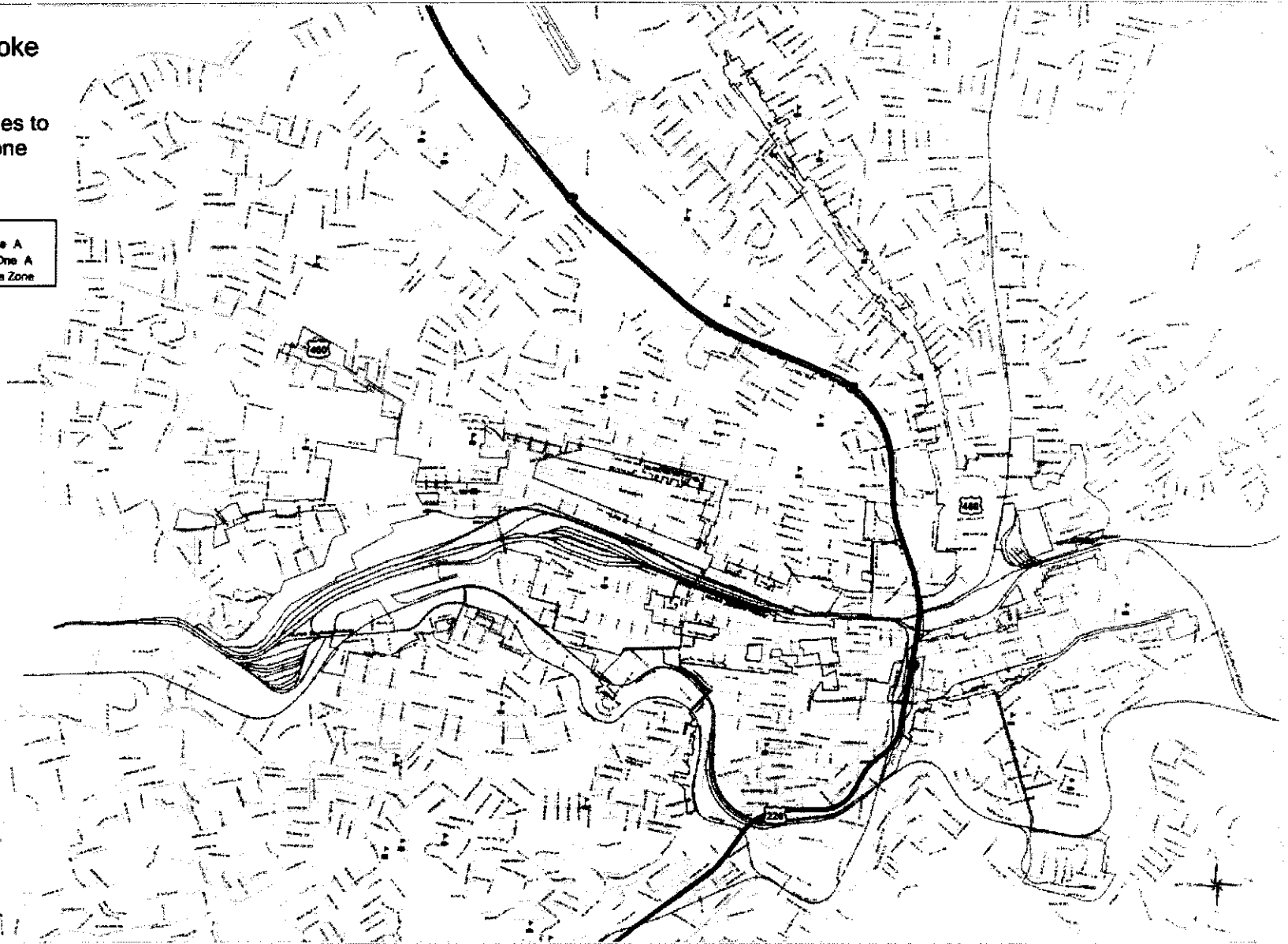


Proposed Changes to Enterprise Zone One A

8/18/2006

Map Features

- Current Enterprise Zone One A
- Proposed Enterprise Zone One A
- Deleted Parcels in Enterprise Zone



City of Roanoke

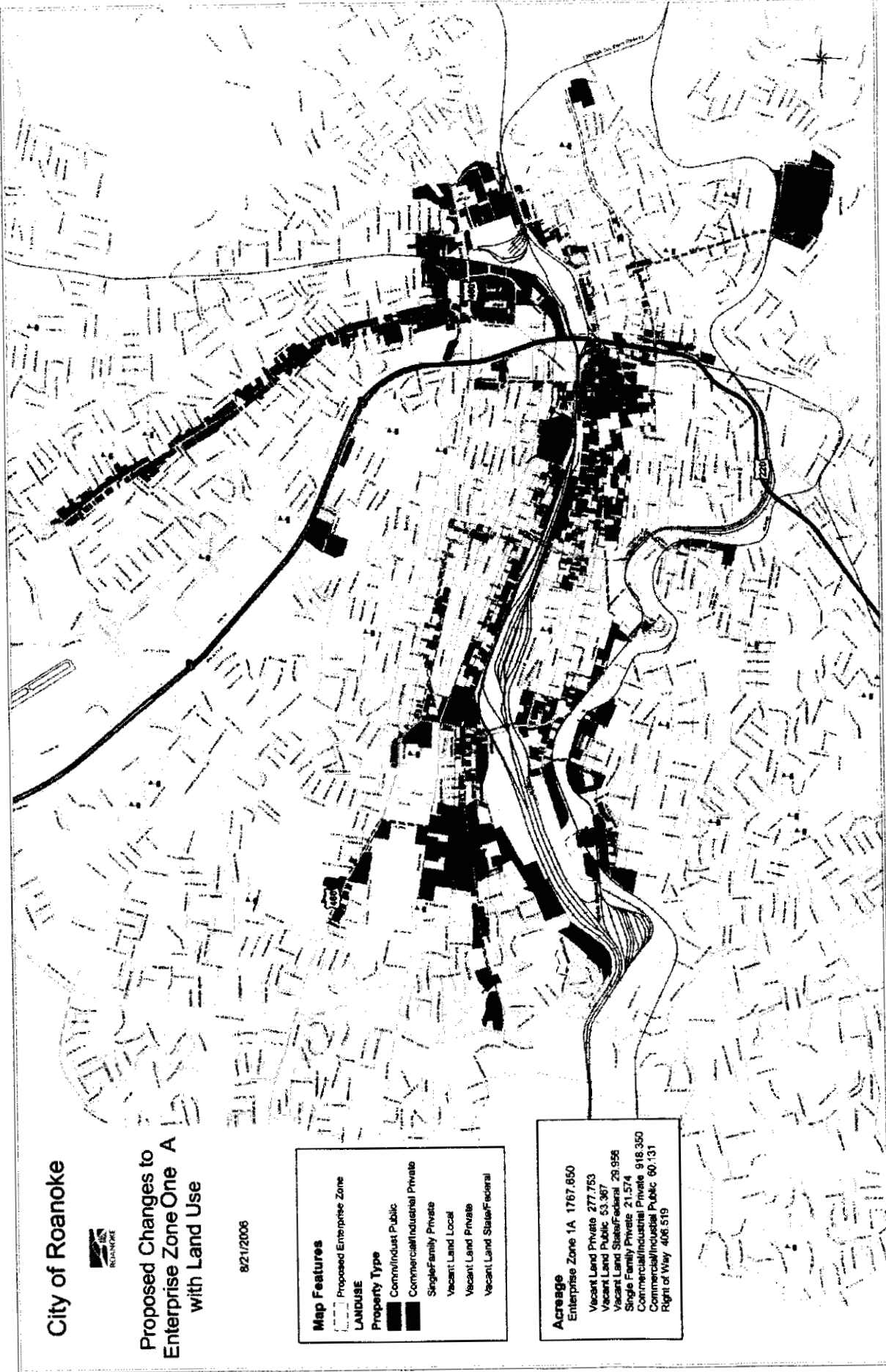


Proposed Changes to Enterprise Zone One A with Land Use

8/21/2006

Map Features	
	Proposed Enterprise Zone
LANDUSE	
Property Type	
	Comm/Indust Public
	Commercial/Industrial Private
	Single Family Private
	Vacant Land Local
	Vacant Land Private
	Vacant Land State/Federal

Acreage	
Enterprise Zone 1A	1767.850
Vacant Land Private	377.753
Vacant Land Public	53.367
Vacant Land State/Federal	28.956
Single Family Private	21.574
Commercial/Industrial Private	918.350
Commercial/Industrial Public	60.131
Right of Way	406.519



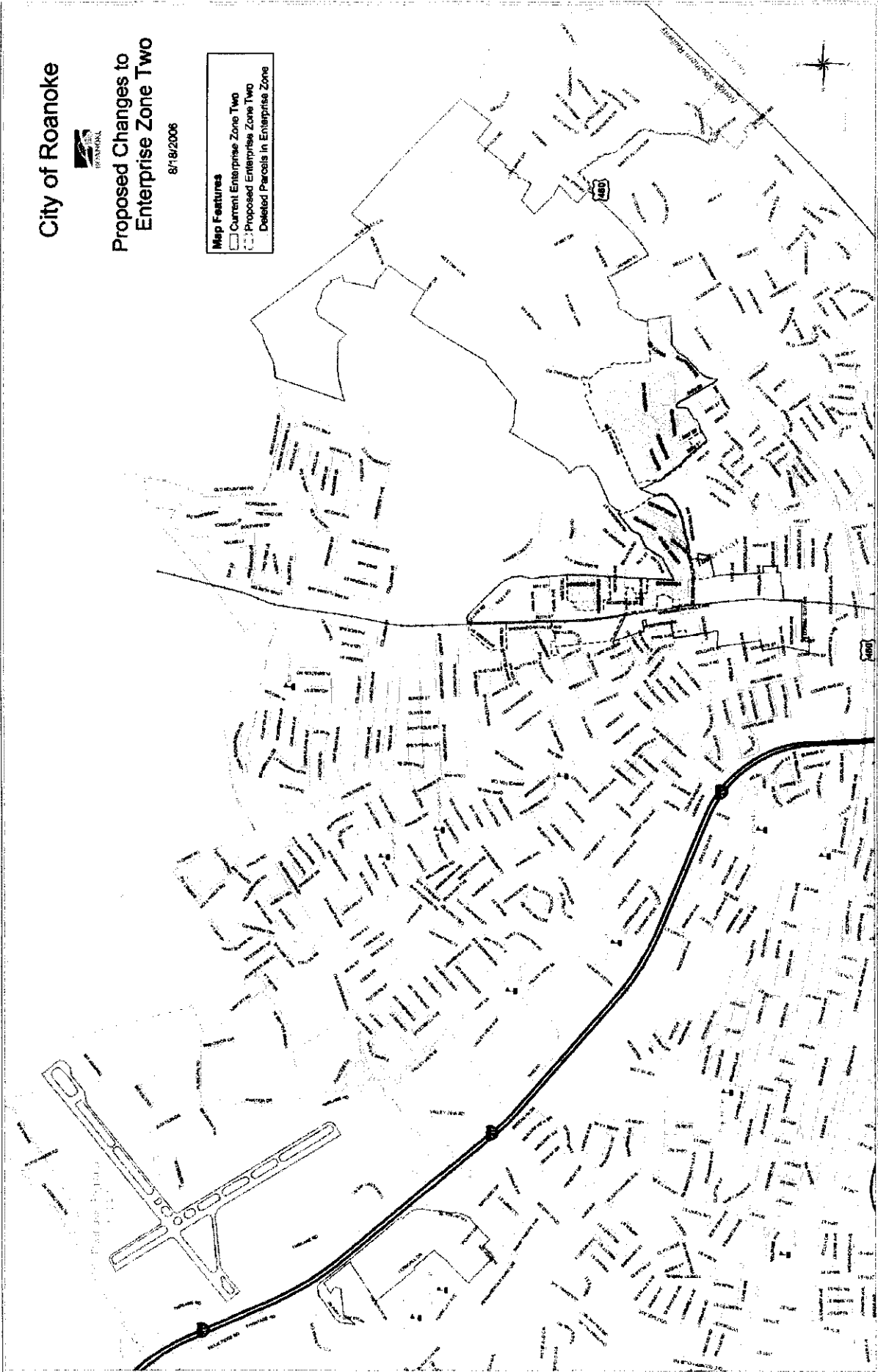
City of Roanoke



Proposed Changes to Enterprise Zone Two

8/18/2006

- Map Features**
- Current Enterprise Zone Two
 - Proposed Enterprise Zone Two
 - Deleted Parcels in Enterprise Zone

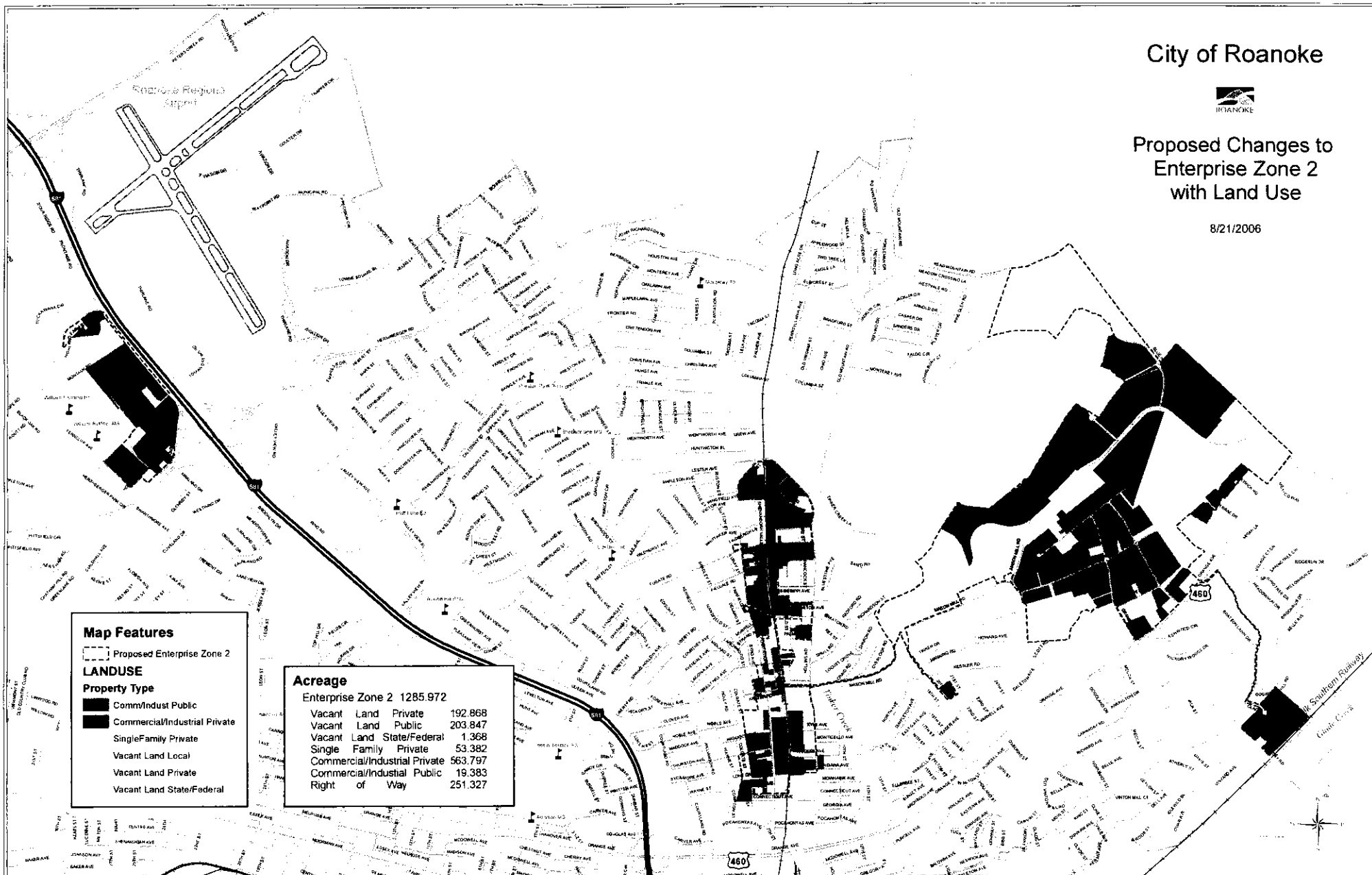


City of Roanoke



Proposed Changes to Enterprise Zone 2 with Land Use

8/21/2006



IN THE COUNCIL OF THE CITY OF ROANOKE, VIRGINIA

A RESOLUTION authorizing the proper City officials to make a boundary amendment to the City's Enterprise Zone One A that will delete certain areas currently within it and add certain areas not currently in it; authorizing the City Manager to apply to the Virginia Department of Housing and Community Development for approval of such boundary amendment, and to take such further action as may be necessary to obtain and implement such boundary amendment.

WHEREAS, there are certain areas currently located within the City's Enterprise Zone One A that are zoned solely residential and that are not able to benefit from the inclusion of these areas within Enterprise Zone One A;

WHEREAS, there are certain areas currently located outside the City's Enterprise Zone One A that are contiguous to it that are not currently a part of Enterprise Zone One A, but that can be added to it and that will benefit from the designation of those additional areas as part of Enterprise Zone One A, as set forth in a letter from the City Manager to Council dated September 18, 2006;

WHEREAS, the Virginia Enterprise Zone Grant Program, as amended, authorizes the amendment of an existing Enterprise Zone, thereby making qualified business firms which locate or expand within such amended Zone eligible for significant Enterprise Zone benefits as referred to in the above letter;

WHEREAS, the deletion of certain areas and the addition of certain areas of the City as part of the City's Enterprise Zone One A, as set forth above, has a potential to stimulate significant

private sector investment within the City in areas where such business and industrial growth could result in much needed growth and revitalization; and

WHEREAS, this Council, acting in its capacity as the governing body of the City of Roanoke, has held a public hearing on the proposed boundary amendment, at which public hearing citizens and parties in interest were afforded an opportunity to be heard on the proposed boundary amendment to Enterprise Zone One A.

THEREFORE, BE IT RESOLVED by the Council of the City of Roanoke as follows:

1. The City of Roanoke is hereby applying for an amendment to the City's Enterprise Zone One A, which amendment will delete certain areas currently within it and add additional areas which are currently outside it. This boundary amendment is more fully shown on the maps attached to the City Manager's letter to Council dated September 18, 2006, and more fully described in such letter.

2. The City Manager is hereby authorized to apply, on behalf of the City, to the Virginia Department of Housing and Community Development for a boundary amendment to the City's existing Enterprise Zone One A pursuant to the applicable provisions of the Virginia Enterprise Zone Grant Program, as amended, which boundary amendment will delete certain areas currently within it and add to it certain areas not currently in Enterprise Zone One A, all as more fully set forth in the above mentioned letter.

3. Council hereby certifies that it held a public hearing as required by the Virginia Enterprise Zone Program Regulations.

4. The City Manager is authorized to submit to the Virginia Department of Housing and Community Development all information necessary for the application for the boundary amendment

to the City's Enterprise Zone One A for the Department's review and consideration and to take such further action as may be necessary to meet other program requirements or to establish the boundary amendment as set forth above. The City Clerk is authorized to execute and attest any documents that may be necessary or required for the application or for the provision of such information.

5. Any such approved boundary amendment will be retroactive to January 1, 2006, or as otherwise provided by such approval from the Virginia Department of Housing and Community Development.

ATTEST:

City Clerk.

IN THE COUNCIL OF THE CITY OF ROANOKE, VIRGINIA

AN ORDINANCE amending Ordinance No. 36782-071904, adopted by City Council on July 19, 2004, by modifying certain local incentives contained therein for Enterprise Zone One A; authorizing the City Manager to apply to the Virginia Department of Housing and Community Development (VDHCD) for the approval of the such amendments and/or to take such further action as may be necessary to obtain or confirm such amendments; and dispensing with the second reading by title of this ordinance.

WHEREAS, the City received a designation in June 2004 from the Governor of Virginia of a new Enterprise Zone One A, retroactive to January 1, 2004;

WHEREAS, on July 19, 2004, City Council adopted Ordinance No. 36782-071904, which adopted certain local incentives for Enterprise Zone One A, which included grants from the Industrial Development Authority of the City of Roanoke, Virginia (IDA) for façade grants under certain conditions. City staff recommends that the definition of façade be modified; and

WHEREAS, on July 19, 2004, City Council adopted Ordinance No, 36782-071904, which adopted certain local incentives for Enterprise Zone One A, which included grants from the IDA for a percentage of monthly fire service charges for a new, first time fire suppression system that was voluntarily installed, and that City staff has recommended that such grants be extended to such fire suppression system whether voluntarily installed or installed due to requirements of applicable codes, and to place a cap on such grants.

THEREFORE, BE IT ORDAINED by the Council of the City of Roanoke as follows:

1. Ordinance No. 36782-071904, adopted by City Council on July 19, 2004, is hereby amended as follows:

A. Paragraph number 4 is deleted and is hereby replaced by the following paragraph number 4:

4. The City will provide funds to the Industrial Development Authority of the City of Roanoke, Virginia, (IDA) so that the IDA can enhance economic development in Enterprise Zone One A by providing façade grants to a business firm, property owner, or leaseholder authorized to make improvements, of one-third of any building façade renovation costs for those façades in need of renovation that visually improves the façade (a façade being the portion of any exterior elevation which faces or abuts a public right-of-way and contains the principal entrance to the building or is immediately adjacent thereto) of a building within Enterprise Zone One A up to a maximum of Twenty-five Thousand Dollars (\$25,000) per grant with a total yearly limit for all such grants of at least One Hundred Thousand Dollars (\$100,000). The uses for such building are to be commercial, mixed-use commercial with no more than 80% of the building being used for residential purposes (hereinafter referred to in this ordinance as “mixed-use commercial”), or industrial use. The availability of this local incentive is from January 1, 2004, through December 31, 2023, at which time the Enterprise Zone One A designation will end, unless otherwise modified by Council. The City Manager shall establish appropriate rules and regulations necessary to implement this local incentive.

B. Paragraph number 7 is deleted and is hereby replaced by the following paragraph number 7:

7. The City will provide funds to the Industrial Development Authority of the City of Roanoke, Virginia, (IDA) so that the IDA can enhance safety in Enterprise Zone One A by providing new, first time fire suppression system retrofit grants to a business firm, property owner, or leaseholder authorized to make improvements, who installs such a system in an existing building in Enterprise Zone One A, whether or not required to do so by applicable codes, which grant will provide assistance for monthly fire service charges for such system. Each grant shall be for a period not to exceed five (5) years and shall be good only as long as such system is actively maintained. Such grant may be transferred to a new entity responsible for such charges upon notice to and approval by the City. Grants shall be in an amount equal to the following percentages of the monthly fire service charges that have been paid, subject to the yearly maximum amounts as noted below:

Year One — 50% of monthly fire service charges paid, but not to exceed \$1,000 per year.

Year Two — 40% of monthly fire service charges paid, but not to exceed \$800 per year.

Year Three — 30% of monthly fire service charges paid, but not to exceed \$600 per year.

Year Four — 20% of monthly fire service charges paid, but not to exceed \$400 per year.

Year Five — 10% of monthly fire service charges paid, but not to exceed \$200 per year.

The uses for such existing building for such grants are to be for profit commercial, mixed-use commercial, or industrial.

The availability of this modified local incentive is from January 1, 2006, through December 31, 2023, at which time the Enterprise Zone One A designation will end, unless otherwise modified by Council. The City Manager shall establish appropriate rules and regulations necessary to implement this local incentive.

2. City Council hereby certifies that it held a public hearing as required by the Virginia Enterprise Zone Program Regulations.

3. The local incentive amendments set forth above and in the City Manager's letter dated September 18, 2006, are supported by Council, but Council notes they are subject to approval by the VDHCD and should any of them not be approved, those not approved will not become effective so that any prior measures, if any, on the particular matter, will stay in effect. Furthermore, if the VDHCD approves such items, the effective date for any such approved item will be retroactive to January 1, 2006.

4. Any funding required for any such local incentives is subject to the appropriation of such funds by Council.

5. As amended, Ordinance No. 36782-071904, adopted on July 19, 2004, and as it may have been subsequently amended, is hereby affirmed and remains in full force and effect.

6. The City Manager is authorized to submit to the VDHCD all information necessary for approval or confirmation of the above amendments regarding local incentives and to take such further action or to execute such further documents as may be necessary to meet other program requirements or to establish and administer the local incentives as set forth above. The City Clerk is authorized to execute and attest any documents that may be necessary or required for the purposes as set forth above.

7. Pursuant to the provisions of Section 12 of the City Charter, the second reading of this ordinance by title is hereby dispensed with.

ATTEST:

City Clerk.

D.T.

IN THE COUNCIL OF THE CITY OF ROANOKE, VIRGINIA

A RESOLUTION authorizing the proper City officials to make a boundary amendment to the City's Enterprise Zone Two that will delete certain areas currently within it and add certain areas not currently in it; authorizing the City Manager to apply to the Virginia Department of Housing and Community Development for approval of such boundary amendment, and to take such further action as may be necessary to obtain and implement such boundary amendment.

WHEREAS, there are certain areas currently located within the City's Enterprise Zone Two that are zoned solely residential and that are not able to benefit from the inclusion of these areas within Enterprise Zone Two;

WHEREAS, there are certain areas currently located outside the City's Enterprise Zone Two that are contiguous to it that are not currently a part of Enterprise Zone Two, but that can be added to it and that will benefit from the designation of those additional areas as part of Enterprise Zone Two, as set forth in a letter from the City Manager to Council dated September 18, 2006;

WHEREAS, the Virginia Enterprise Zone Grant Program, as amended, authorizes the amendment of an existing Enterprise Zone, thereby making qualified business firms which locate or expand within such amended Zone eligible for significant Enterprise Zone benefits as referred to in the above letter;

WHEREAS, the deletion of certain areas and the addition of certain areas of the City as part of the City's Enterprise Zone Two, as set forth above, has a potential to stimulate significant private

sector investment within the City in areas where such business and industrial growth could result in much needed growth and revitalization; and

WHEREAS, this Council, acting in its capacity as the governing body of the City of Roanoke, has held a public hearing on the proposed boundary amendment, at which public hearing citizens and parties in interest were afforded an opportunity to be heard on the proposed boundary amendment to Enterprise Zone Two.

THEREFORE, BE IT RESOLVED by the Council of the City of Roanoke as follows:

1. The City of Roanoke is hereby applying for an amendment to the City's Enterprise Zone Two, which amendment will delete certain areas currently within it and add additional areas which are currently outside it. This boundary amendment is more fully shown on the maps attached to the City Manager's letter to Council dated September 18, 2006, and more fully described in such letter.

2. The City Manager is hereby authorized to apply, on behalf of the City, to the Virginia Department of Housing and Community Development for a boundary amendment to the City's existing Enterprise Zone Two pursuant to the applicable provisions of the Virginia Enterprise Zone Grant Program, as amended, which boundary amendment will delete certain areas currently within it and add to it certain areas not currently in Enterprise Zone Two, all as more fully set forth in the above mentioned letter.

3. Council hereby certifies that it held a public hearing as required by the Virginia Enterprise Zone Program Regulations.

4. The City Manager is authorized to submit to the Virginia Department of Housing and Community Development all information necessary for the application for the boundary amendment

to the City's Enterprise Zone Two for the Department's review and consideration and to take such further action as may be necessary to meet other program requirements or to establish the boundary amendment as set forth above. The City Clerk is authorized to execute and attest any documents that may be necessary or required for the application or for the provision of such information.

5. Any such approved boundary amendment will be retroactive to January 1, 2006, or as otherwise provided by such approval from the Virginia Department of Housing and Community Development.

ATTEST:

City Clerk.

P.T.

IN THE COUNCIL OF THE CITY OF ROANOKE, VIRGINIA

AN ORDINANCE amending Ordinance No. 33019-070196, adopted by City Council on July 1, 1996, by adding a local incentive not contained therein; clarifying the definition of the term “business firm” as used in references relating to Enterprise Zone Two; authorizing the City Manager to apply to the Virginia Department of Housing and Community Development (VDHCD) for the approval of such items and/or to take such further action as may be necessary to obtain or confirm such items; and dispensing with the second reading by title of this ordinance.

WHEREAS, on July 1, 1996, City Council adopted Ordinance No. 33019-070196 approving, adopting, and establishing certain local incentives for the area designated as Enterprise Zone Two in the City of Roanoke, and which applied to a Subzone that was created by a boundary amendment authorized by Resolution No. 34024-092198, adopted by Council on September 21, 1998;

WHEREAS, on February 22, 2005, City Council adopted Ordinance No. 36984-022205, for the purpose of modifying certain local incentives contained in Ordinance No. 35820-041502 and extending the availability of such local incentives through December 31, 2015;

WHEREAS, City staff has recommended the addition of a local incentive to Enterprise Zone Two to provide for grants for certain parking lot improvements, including landscaping; and

WHEREAS, City staff has recommended clarifying the definition of the term “business firm” as used in references relating to Enterprise Zone Two in light of recent state code amendments.

THEREFORE, BE IT ORDAINED by the Council of the City of Roanoke as follows:

1. Ordinance No. 33019-070196, adopted by City Council on July 1, 1996, is hereby amended by adding the following additional local incentive to the City's Enterprise Zone Two, which includes its Subzone:

- A. The City will provide funds to the Industrial Development Authority of the City of Roanoke, Virginia, (IDA) so the IDA can enhance economic development in Enterprise Zone Two by providing grants for parking lot improvements, including landscaping, as set forth herein. Such parking lot grants may be available to a business firm with a building at least 15 years old with an unpaved parking lot adjacent to such building, which parking lot is void of landscaping and which parking lot contributes stormwater runoff to a City-owned detention pond. However, any paving improvement plans must be approved by the IDA prior to the start of any work. Such work must include landscaping required by the current zoning requirements. Upon completion of such work, including landscaping, and any required approvals, such business firm may then request that a grant of up to one-third of the actual cost paid by such business firm to pave and landscape such parking lot up to a total grant amount of \$25,000 per tax parcel or contiguous tax parcels on which that one parking lot is located and for which the grant is requested. The City intends to provide at least \$50,000 per year for this local incentive.
- B. The City Manager is authorized to establish appropriate rules and regulations necessary to implement and administer this local incentive.

2. The term "business firm" as used in references for Enterprise Zone Two is hereby clarified so that such term is defined as it was set forth in Section 59.1-271 of the Code of Virginia (1950), as amended, as of June 30, 2005, before that section expired, and also includes any for profit business entity.

3. City Council hereby certifies that it held a public hearing as required by the Virginia Enterprise Zone Program Regulations.

4. The local incentive amendments and/or items set forth above and in the City Manager's letter dated September 18, 2006, are supported by Council, but Council notes they are subject to approval by the VDHCD and should any of them not be approved, those not approved will not become effective so that any prior measures, if any, on the particular matter, will stay in effect. Furthermore, if the VDHCD approves such items, the effective date for any such approved item will be retroactive to January 1, 2006.

5. Any funding required for any such local incentives is subject to the appropriation of such funds by Council.

6. As amended, Ordinance No. 33019-070196, adopted July 1, 1996, and as it may have been subsequently amended, remains in full force and effect.

7. The City Manager is authorized to submit to the VDHCD all information necessary for approval or confirmation of the above items regarding local incentives and to take such further action or to execute such further documents as may be necessary to meet other program requirements or to establish and administer the local incentives as set forth above. The City Clerk is authorized to execute and attest any documents that may be necessary or required for the purposes as set forth above.

8. Pursuant to the provisions of Section 12 of the City Charter, the second reading of this ordinance by title is hereby dispensed with.

ATTEST:

City Clerk.

AHS

IN THE COUNCIL OF THE CITY OF ROANOKE, VIRGINIA

AN ORDINANCE to appropriate funding from the Economic and Community Development Reserve for the Enterprise Zone One A and Enterprise Zone Two Projects, amending and reordaining certain sections of the 2006-2007 Capital Projects Fund Appropriations, and dispensing with the second reading by title of this ordinance.

BE IT ORDAINED by the Council of the City of Roanoke that the following sections of the 2006-2007 Capital Projects Fund Appropriations be, and the same are hereby, amended and reordained to read and provide as follows:

Appropriations			
Appropriated from General Revenue	08-310-9736-9003	\$	50,000
Appropriated from General Revenue	08-310-9760-9003		50,000
Fund Balance			
Economic and Community Development Reserve - Unappropriated	08-3365		(100,000)

Pursuant to the provisions of Section 12 of the City Charter, the second reading of this ordinance by title is hereby dispensed with.

ATTEST:

City Clerk.



CITY OF ROANOKE OFFICE OF THE CITY MANAGER

Noel C. Taylor Municipal Building
215 Church Avenue, S.W., Room 364
Roanoke, Virginia 24011-1591

Telephone: (540) 853-2333

Fax: (540) 853-1138

City Web: www.roanokeva.gov

September 18, 2006

Honorable C. Nelson Harris, Mayor
Honorable David B. Trinkle, Vice Mayor
Honorable Alfred T. Dowe, Jr., Council Member
Honorable Beverly T. Fitzpatrick, Jr., Council Member
Honorable Sherman P. Lea, Council Member
Honorable Gwendolyn W. Mason, Council Member
Honorable Brian J. Wishneff, Council Member

Dear Mayor Harris and Members of Council:

Subject: Market Building Lease

Background:

The City of Roanoke owns the City Market Building located at 32 Market Square, Roanoke, Virginia 24011.

Francine Barish-Stern Bray, the owner and operator of Creations, has requested a lease agreement for approximately 284 square feet to sell unique gift items, home décor and souvenirs, such as art work, photography, greeting cards, magnets, inspiration cards, trophies, plaques and items all created as "Art on Gold." The proposed lease agreement is for a one (1) year period, beginning September 25, 2006, through September 30, 2007. The proposed agreement establishes a base rent rate of \$24.00 per square foot and a common area maintenance fee of \$250.00 per month. There is no renewal provision in this lease.

Recommended Action:

Authorize the City Manager to execute a lease agreement with Francine Barish-Stern Bray d/b/a Creations, for approximately 284 square feet in the City Market Building located at 32 Market Square, Roanoke, Virginia 24011, for a period of one (1) year, beginning September 25, 2006, and expiring September 30, 2007. All documents shall be upon form approved by the City Attorney.

Respectfully submitted,

A handwritten signature in cursive script, reading "Darlene L. Burcham".

Darlene L. Burcham
City Manager

DLB:lpp

Honorable Mayor and Members of Council
September 18, 2006
Page 2

c: Stephanie M. Moon, Acting City Clerk
William M. Hackworth, City Attorney
Jesse A. Hall, Director of Finance
Brian Townsend, Director of Planning Building and Economic Development
Lisa Poindexter-Plaia, Economic Development Specialist

CM06-00160

LEASE

Between

THE CITY OF ROANOKE

and

Barish Stern Ltd., a Virginia Corporation d/b/a Creations

LEASE
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LEASE

THIS LEASE is made this ____ day of _____, 2006 by and between the CITY OF ROANOKE (hereinafter referred to as ALandlord@), and Barish Stern Ltd., a Virginia Corporation, d/b/a Creations, (hereinafter referred to as ATenant@),

WITNESSETH:

In consideration of the mutual agreements hereinafter set forth, the parties hereto mutually agree as follows:

1. **PREMISES** Landlord hereby leases to Tenant and Tenant hereby leases from Landlord, for the term and upon the conditions hereinafter provided, a section of the building known as the Roanoke City Market Building (herein referred to as the ABuilding@) located at 32 Market Square, Stall #102, Roanoke, Virginia 24011, as is delineated on Exhibit AA@ hereto, which is hereafter referred to as the APremises.@ The Premises consists of approximately 284 square feet of space.

2. **TERM** The term of this Lease shall commence on September 25, 2006 (ACommencement Date@) and shall expire at 11:59 o'clock p.m. on September 30, 2007. A key will be given to Tenant upon execution of the Lease.

3. **BASE RENT; ESCALATIONS** The base rent for the first year of the term shall be based on cost per square foot. Tenant shall pay as base rent for the Premises for each year of the Lease according to the following schedule:

Period	Per Square Foot	Monthly Rent Amount	Annual Rent Amount
9/25/06 to 9/30/06		\$113.60 prorated (due if able to occupy by this date)	
10/1/06 to 9/30/07	\$24.00	\$568.00	\$6,816.00

If the Commencement Date is other than the first day of the month, the first year of the Lease term shall be deemed to be extended to include such partial month and the following twelve (12) months, so as to end on the last day of the month. In the event the Commencement Date is other than the first day of a calendar month, the Base Rent ("Rent") (as well as the Common Area Maintenance Fee provided hereunder) for the portion of the then current calendar month shall be prorated on the basis of a thirty (30) day month and shall be paid immediately upon the commencement of the Term.

On the first anniversary of the Lease, and upon each successive anniversary thereafter, the monthly rent for the next twelve (12) months shall be increased by three percent (3%) of the previous year's monthly rental.

Rent shall be paid monthly. The first monthly payment shall be made at the time of execution of this Lease by the parties; the second and all subsequent monthly payments shall be made on the first day of each and every calendar month during the term. Any monthly payment of rent which is not received by Landlord by the end of the fifth (5th) day of the month shall be assessed a late charge in the amount of five percent (5%) of such total monthly rent payment. All delinquent rent, and other charges due under this Lease shall accrue interest at a rate equal to the current prime rate, as established by the United States Government, plus two percent (2%) per month or the maximum amount permitted by law, from the due date of such payment and shall constitute additional rent payable by Tenant under this Lease and shall be paid by Tenant to Landlord upon demand. Payment shall not be deemed as received if Tenant's payment is not actually collected (such as

payment by insufficient funds check). Tenant shall pay rent to Landlord at City of Roanoke, 111 Franklin Road, Suite 200, Roanoke, Virginia 24011, Attention: *Director of Economic Development*, or to such other party or at such other address as Landlord may designate from time to time by written notice to Tenant, without demand. Checks shall be made payable to Treasurer, City of Roanoke.

4. COMMON AREA MAINTENANCE Tenant agrees to pay Landlord, as additional rental, Tenant's proportionate share of the costs ("Common Area Maintenance Fee") of maintaining, operating, repairing, replacing and insuring the "Common Areas" defined herein.

The Common Area Maintenance Fee for this lease will be a flat fee charge of Two hundred fifty Dollars (\$250.00) per month. These fees will increase by three (3%) percent upon each anniversary of this Lease.

The term "Common Area Maintenance Fee" includes all costs and expenses of every kind and nature paid or incurred by Landlord in operating, managing, equipping, policing, lighting, repairing, replacing items in the Building and maintaining the Building. Such costs and expenses will include, but not be limited to, the following:

- (a) utilities (electric, gas, waste removal, water and sewer charges, storm water charges; individual telephone service is specifically excluded),
- (b) insurance premiums for public liability and property damage for the Building(excluding Tenant's Premises)
- (c) maintenance costs of heating, ventilating and air conditioning,
- (d) insect and rodent treatment,
- (e) *snow and ice removal*,
- (f) electrical and plumbing repairs in the Common Areas of the Building,
- (g) management costs and repairs to the structure of Building which includes roof and wall repairs, foundations, sprinkler systems, utility lines, sidewalks and curbs,
- (h) security camera systems,
- (i) lighting,
- (j) sanitary control, drainage, collection of rubbish and other refuse,
- (k) costs to remedy and/or comply with governmental and/or environmental and hazardous waste matters(excluding Tenant's Premises)
- (l) repair and installation of equipment for energy saving or safety purposes,
- (m) reserves for future maintenance and repair work (which Tenant hereby authorize Landlord to use as necessary),
- (n) depreciation on equipment and machinery used in maintenance, costs of personnel required to provide such services,
- (o) all costs and expenses associated with Landlord's obligation to repair and maintain and such other items of cost and expense which are relatable to proper maintenance of the Building and its Common Areas.

The "Common Areas" are defined as all areas and spaces in the Building and equipment in the Building, as further shown on the attached Exhibit B provided by Landlord for common or joint use and benefit of the tenants of the Building, their employees, agents, servants, customers and invitees. The Common Areas further include, without limitation, roofs, walls, vacant areas, food court, elevator(s), restrooms, stairways, walkways, ramps, foundations, signs (excluding Tenant's signage), security cameras, lighting fixtures and equipment, and the facilities appurtenant to each of the aforesaid, and any other facilities maintained for the benefit of the Building. Landlord shall have the right to modify the Common Areas from time to time as deemed reasonable by Landlord.

5. LANDLORD'S OBLIGATIONS Landlord hereby agrees to provide and be responsible for the following:

- (a) make all structural and capital repairs and replacements to items in the Building and to the Common Areas, as defined above, and to maintain the Building and its Common Areas. Structural and capital repairs and replacements are defined as repairs or replacements which include but are not limited to repairs or replacements to the roof, elevators, electrical wiring, heating and air conditioning systems, toilets, water pipes, gas, plumbing, other electrical fixtures and the exterior and interior walls. Structural and capital repairs to Tenant's Premises are specifically excluded.
- (b) pay for the cost of Tenant's utilities (gas, electric, heating, water, telephone service specifically excluded) and all other services identified through use of funds from the Common Area Maintenance Fee described above.
- (c) provide a key to Tenant upon execution of the Lease Agreement,

6. TENANT'S OBLIGATIONS Tenant, at its sole cost and expense, agrees to provide and be responsible for the following, in addition to its other responsibilities pursuant to this Lease.

- (a) Tenant shall keep and maintain the Premise in good repair, condition and appearance during the term of this Lease, ordinary wear and tear excepted, and not use any part of the Premises or the Common Areas of the Building in a negligent manner.
- (b) Tenant shall take good care of the Premises, its fixtures, and appurtenances and suffer no waste or injury thereto, and shall pay for all repairs and replacements to the Premises, necessitated by Tenant's actions, whether capital, structural as defined above, or otherwise.
- (c) Tenant shall surrender the Premises at the end of the term in as good condition as Tenant obtained the same at the commencement of the term, reasonable wear and tear excepted.
- (d) Tenant shall operate its business as described in Section 7 of this Lease.
- (e) Tenant shall pay rent timely as provided in Section 3 of this Lease.
- (f) Tenant shall obtain the insurance as required in Section 29 of this Lease.

7. USE OF PREMISES The Premises shall be used for the purpose of conducting therein the sale of unique gift items, home décor and souvenirs, such as art work, photography, greeting cards, magnets, inspiration cards, trophies, plaques and items all created as Art on Gold. Tenant covenants and agrees that at all times during the term hereof, Tenant will actively conduct such a business in the Premises, keep the Premises amply stocked with good and fresh merchandise and keep the Premises open for business during the customary business hours of 10:00 a.m. to 6:00 p.m. (not less than eight (8) hours per day, Monday through Saturday) of the Building as established or as may be amended by Landlord and (ii) the Premises shall be used only for such purpose. The Building will be closed for the following Holidays or as observed: New Year's Day, Memorial Day, Labor Day, Thanksgiving Day and Christmas Day. Nothing herein shall require the City of Roanoke to open the Building outside of the above designated hours. The Premises shall not be used for any other purpose without the written permission of Landlord. Tenant shall not open the Building to the public outside of the customary business hours or on the Holidays stated above.

8. EXCLUSIVITY Intentionally omitted.

9. ASSIGNMENT AND SUBLETTING Tenant shall not voluntarily or involuntarily assign this Lease in whole or in part, nor sublet all or any part of the Premises without following the procedures detailed herein and obtaining the prior written consent of Landlord, in Landlord's sole discretion. The consent by Landlord to any assignment or subletting shall not constitute a waiver of the necessity for such consent in any subsequent assignment or subletting.

In the event that Tenant receives a bona fide written offer from a third party for the sublease or assignment of the Premises, Tenant shall forthwith notify Landlord in writing, attaching a copy of such offer, of Tenant's desire to sublet or assign this Lease upon the terms of such offer, whereupon Landlord shall have thirty (30) days to accept or reject such assignment or sublease.

10. IMPROVEMENTS Landlord must approve all alterations, redecorations, or improvements in and to the Premises in writing beforehand. Such alterations, redecorations, additions, or improvements shall conform to all applicable Building Codes of the City of Roanoke, federal and state laws, rules and regulations.

11. SURRENDER OF PREMISES At the expiration of the tenancy hereby created, Tenant shall peaceably surrender the Premises, including all alterations, additions, improvements, decorations and repairs made thereto (but excluding all trade fixtures, equipment, signs and other personal property installed by Tenant, provided that in no event shall Tenant remove any of the following materials or equipment without Landlord's prior written consent: any free standing signs, any power wiring or power panels; lighting or lighting fixtures; wall coverings; drapes, blinds or other window coverings; carpets or other floor coverings; or other similar building operating equipment and decorations), broom cleaned and in good condition and repair, reasonable wear and tear excepted. Tenant shall remove all its property not required to be surrendered to Landlord before surrendering the Premises and shall repair any damage to the Premises caused thereby. Any personal property remaining in the Premises at the expiration of the Lease shall be deemed abandoned by Tenant, and Landlord may claim the same and shall in no circumstance have any liability to Tenant therefore. If physical alterations were done by Tenant, Landlord, at its option, may require Tenant to return Premises to its original condition (condition at occupancy) when Tenant vacates Premises. Upon termination, Tenant shall also surrender all keys for the Premises to Landlord and, if applicable, inform Landlord of any combinations of locks or safes in the Premises. If the Premises are not surrendered at the end of the term as herein above set out, Tenant shall indemnify Landlord against loss or liability resulting from delay by Tenant in so surrendering the Premises, including without limitation, claims made by the succeeding Tenant founded on such delay. Tenant's obligation to observe or perform this covenant shall survive the expiration or other termination of the term of this Lease.

12. INSPECTION Tenant will permit Landlord, or its representative, to enter the Premises, upon reasonable notice to Tenant, without charge thereof to Landlord and without diminution of the rent payable by Tenant, to examine, inspect and protect the same, and to make such alterations and/or repairs as in the judgment of Landlord may be deemed necessary, or to exhibit the same to prospective Tenants during the last one hundred twenty (120) days of the term of this Lease.

13. INSOLVENCY OR BANKRUPTCY OF TENANT In the event Tenant makes an assignment for the benefit of creditors, or a receiver of Tenant's assets is appointed, or Tenant files a voluntary petition in any bankruptcy or insolvency proceeding, or an involuntary petition in any bankruptcy or insolvency proceeding is filed against Tenant and the same is not discharged within sixty (60) days, or Tenant is adjudicated as bankrupt, Landlord shall have the option of terminating

this Lease. Upon such written notice being given by Landlord to Tenant, the term of this Lease shall, at the option of Landlord, end and Landlord shall be entitled to immediate possession of the Premises and to recover damages from Tenant in accordance with the provisions of Article 17 hereof.

14. TRANSFER OF LANDLORD'S INTEREST Landlord shall have the right to convey, transfer or assign, by sale or otherwise, all or any part of its ownership interest in the property, including the Premises, at any time and from time to time and to any person, subject to the terms and conditions of this Lease. All covenants and obligations of Landlord under this Lease shall cease upon the execution of such conveyance, transfer or assignment, but such covenants and obligations shall run with the land and shall be binding upon the subsequent owner(s) thereof or of this Lease during the periods of their ownership thereof.

15. ESTOPPEL CERTIFICATE Tenant agrees, at any time, and from time to time, upon not less than ten (10) days' prior notice by Landlord, to execute, acknowledge and deliver to Landlord, a statement in writing addressed to Landlord or other party designated by Landlord certifying that this Lease is in full force and effect (or, if there have been modifications, that the same is in full force and effect as modified and stating the modifications), stating the actual commencement and expiration dates of the Lease, stating the dates to which rent, and other charges, if any, have been paid, that the Premises have been completed on or before the date of such certificate and that all conditions precedent to the Lease taking effect have been carried out, that Tenant has accepted possession, that the Lease term has commenced, Tenant is occupying the Premises and is open for business, and stating whether or not there exists any default by either party contained in this Lease, and if so specifying each such default of which the signer may have knowledge and the claims or offsets, if any, claimed by Tenant; it being intended that any such statement delivered pursuant hereto may be relied upon by Landlord or a purchaser of Landlord's interest and by any mortgagee or prospective mortgage of any mortgage affecting the Premises. If Tenant does not deliver such statement to Landlord within such ten (10) day period, Landlord may conclusively presume and rely upon the following facts: (i) that the terms and provisions of this Lease have not been changed except as otherwise represented by Landlord; (ii) that this Lease has not been canceled or terminated except as otherwise represented by Landlord; (iii) that not more than one (1) month's minimum rent or other charges have been paid in advance; and (iv) that Landlord is not in default under the Lease; and (v) no disputes exist. In such event Tenant shall be estopped from denying the truth of such facts. Tenant shall also, on ten (10) days' written notice, provide an agreement in favor of and in the form customarily used by such encumbrance holder, by the terms of which Tenant will agree to give prompt written notice to any such encumbrance holder in the event of any casualty damage to the Premises or in the event of any default on the part of Landlord under this Lease, and will agree to allow such encumbrance holder a reasonable length of time after notice to cure or cause the curing of such default before exercising Tenant's right of self-help under this Lease, if any, or terminating or declaring a default under this Lease.

16. DAMAGE TO THE PREMISES If the Building or the Premises shall be partially damaged by fire or other cause without the fault or neglect of Tenant, its agents, employees or invitees, Landlord shall diligently and as soon as practicable after such damage occurs repair such damage at the expense of Landlord, provided, however, that if the Building is damaged by fire or other cause to such extent that the damage cannot be fully repaired within ninety (90) days from the date of such damage, Landlord or Tenant, upon written notice to the other, may terminate this Lease, in which event the rent shall be apportioned and paid to the date of such damage. During the period that Tenant is deprived of the use of the damaged portion of Premises, Tenant shall be required to pay rental covering only that part of the Premises that Tenant is able to occupy, and Rent for such occupied space

shall be the total rent divided by the square foot area of the Premises and multiplied by the square foot area that the Tenant is able to occupy.

17. DEFAULT OF TENANT If Tenant shall fail to pay any monthly installment of Rent and/or as required by this Lease, or shall violate or fail to perform any of the other conditions, covenants or agreement on its part contained in this Lease and such failure to pay Rent or such violation or failure shall continue for a period of ten (10) days after the due date of such payment or after written notice of any such violation or failure to perform by Tenant, then and in any of such events this Lease shall, at the option of Landlord, cease and terminate upon at least ten (10) days' prior written notice of such election to Tenant by Landlord, and if such failure to pay rent or such violation or failure shall continue to the date set forth in such notice of termination, then this Lease shall cease and terminate without further notice to quit or of Landlord's intention to re-enter, the same being hereby waived, and Landlord may proceed to recover possession under and by virtue of the provisions of the laws of Virginia, or by such other proceedings, including re-entry and possession, as may be applicable. If Landlord elects to terminate this Lease, everything herein contained on the part of Landlord to be done and performed shall cease without prejudice, however, to the right of Landlord to recover from the Tenant all rental accrued up to the time of termination or recovery of possession by Landlord, whichever is later. Should this Lease be terminated before the expiration of the term of this Lease by reason of Tenant's default as hereinabove provided, or if Tenant shall abandon or vacate the Premises before the expiration or termination of the term of this Lease, Landlord shall use its best efforts to relet the Premises on the best rental terms reasonably available under the circumstances and if the full rental hereinabove provided shall not be realized by Landlord, Tenant shall be liable for any deficiency in rent. Any damage or loss of rental sustained by Landlord may be recovered by Landlord, at Landlord's option, at the time of the reletting, or in separate actions from time to time, as such damage shall have been made more easily ascertainable by successive relettings, or at Landlord's option, may be deferred until the expiration of the term of this Lease in which event the cause of action shall not be deemed to have accrued until the date of expiration of such term. The provisions contained in this paragraph shall not prohibit any claim Landlord may have against Tenant for anticipatory breach of the unexpired term of this Lease.

18. CONDEMNATION If any part of the Building or a substantial part of the Premises shall be taken or condemned by any governmental authority for any public or quasi-public use or purpose (including sale under threat of such a taking) then the term of this Lease shall cease and terminate as of the date when title vests in such governmental authority, and the annual rental shall be abated on the date when such title vests in such governmental authority. If less than a substantial part of the common area of the Premises is taken or condemned by any governmental authority for any public or quasi-public use or purpose, the rent shall be equitably adjusted on the date when title vests in such governmental authority and the Lease shall otherwise continue in full force and effect. Tenant shall have no claim against Landlord (or otherwise) for any portion of the amount that may be awarded as damages as a result of any governmental taking or condemnation (or sale under threat of such taking or condemnation) or for the value of any unexpired term of the Lease. For purposes of this Article 18, a substantial part of the Premises shall be considered to have been taken if more than fifty percent (50%) of the Premises are unusable by Tenant.

19. COVENANTS OF LANDLORD Landlord covenants that it has the right to make this Lease for the term aforesaid, and that if Tenant shall pay the Rent and perform all of the covenants, terms and conditions of this Lease to be performed by Tenant, Tenant shall, during the term hereby created, freely, peaceably and quietly occupy and enjoy the full possession of the Premises without molestation or

hindrance by Landlord or any party claiming through or under Landlord.

20. NO PARTNERSHIP Nothing contained in this Lease shall be deemed or construed to create a partnership or joint venture of or between the Landlord and Tenant, or to create any other relationship between the parties hereto other than that of Landlord and Tenant.

21. BROKER'S COMMISSION Tenant represents and warrants that it has incurred no claims or finder's fees in connection with the execution of this Lease.

22. NOTICES All notices or other communications hereunder shall be in writing and shall be deemed duly given if delivered in person or by certified or registered mail, return receipt requested, first-class postage prepaid, (i) if to Landlord at City of Roanoke, 111 Franklin Road, Suite 200, Roanoke, Virginia 24011, Attention: Director of Economic, and (ii) if to Tenant, at P.O. Box 83, Troutville, VA 24175, unless notice of a change of address is given pursuant to the provisions of this Article.

23. HOLDING OVER In the event that Tenant shall not immediately surrender the Premises on the date of expiration of the term hereof, Lease shall automatically renew itself month to month, at twice the Rent rate for the last year of the Lease plus all other charges accruing under this Lease, and subject to all covenants, provisions and conditions herein contained. Landlord and tenant shall both have the right to terminate the holdover tenancy upon thirty (30) days written notice. Tenant shall not interpose any counterclaim(s) in a summary proceeding or other action based on holdover.

24. BENEFIT AND BURDEN The provisions of this Lease shall be binding upon, and shall inure to the benefit of, the parties hereto and each of their respective representatives, successors and assigns.

25. GENDER AND NUMBER Feminine or neuter pronouns shall be substituted for those of the masculine form, and the plural shall be substituted for the singular number, in any place or places herein in which the context may require such substitution.

26. ENTIRE AGREEMENT This Lease, together with any exhibits attached hereto, contains and embodies the entire agreement of the parties hereto, and representations, inducements or agreements, oral or otherwise, between the parties not contained in this Lease and exhibits, shall not be of any force or effect. This Lease may not be modified, changed or terminated in whole or in part in any manner other than by an agreement in writing duly signed by both parties hereto.

27. INVALIDITY OF PARTICULAR PROVISIONS If any provision of this Lease or the application thereof to any person or circumstances shall to any extent be invalid or unenforceable, the remainder of this Lease, or the application of such provisions to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each provision of this Lease shall be valid and be enforced to the fullest extent permitted by law.

28. HAZARDOUS SUBSTANCES Tenant covenants and warrants that Tenant, and Tenant's use of Premises and any alterations thereto will at all times comply with and conform to all laws, statutes, ordinances, rules and regulations of any governmental, quasi-governmental or regulatory authorities ("Laws") which relate to the transportation, storage, placement handling, treatment, discharge, generation, removal production or disposal (collectively "Treatment") of any waste petroleum product, waste products, radioactive waste, Polychlorinated Biphenyls (PCB), asbestos, lead-based paint, or other hazardous materials of any kind, and any

substance which is regulated by any law, statute, ordinance, rule or regulation (collectively "Waste"). Tenant further covenants and warrants that it will not engage in or permit any person or entity to engage in any Treatment of any Waste on or which affects the Premises.

Immediately upon receipt of any Notice (as hereinafter defined) from any person or entity, Tenant shall deliver to Landlord a true, correct and complete copy of any written Notice. "Notice" shall mean any note, notice or report of any suit, proceedings, investigation, order, consent order, injunction, writ, award or action related to or affecting or indicating the Treatment of any Waste in or affecting the Premises.

Tenant hereby agrees it will indemnify, defend, save and hold harmless Landlord and Landlord's officers, directors, shareholders, employees, agents, partners, and the respective heirs, successors and assigns (collectively "Indemnified Parties") against and from, and to reimburse the Indemnified Parties with respect to, any and all damages, claims, liabilities, loss, costs and expense (including, without limitation all attorney's fees and expenses, court costs, administrative costs and costs of appeals), incurred by or asserted against the Indemnified Parties by reason of or arising out of: (a) the breach of any representation or undertaking of Tenant under this section or (b) arising out of the Treatment of any waste by Tenant or any licensee, concessionaire, manager or other party occupying or using the Premises.

Landlord is given the right, but not the obligation, to inspect and monitor the Premises and Tenant's use of the Premises, including the right to review paperwork associated with Treatment activities in order to confirm Tenant's compliance with the terms of this Section. Landlord may require that Tenant deliver to Landlord concurrent with Tenant's vacating the Premises upon the expiration of this Lease, or any earlier vacation of the Premises by Tenant, at Tenant's expense, a certified statement by licensed engineers satisfactory to the Landlord, in form and substance satisfactory to Landlord, stating that Tenant, and any alterations thereto and Tenant's use of the Premises complied and conformed to all Laws relating to the Treatment of any Waste in or affecting the Premises. .

Tenant agrees to deliver upon request from Landlord estoppel certificates to Landlord expressly stipulating whether Tenant is engaged in or has engaged in the Treatment of any Waste in or affecting the Premises, and whether Tenant has caused any spill, contamination, discharge, leakage, release or escape of any Waste in or affecting the Premises, whether sudden or gradual, accidental or anticipated, or any other nature at or affecting the Premises and whether, to the best of the Tenant's knowledge, such an occurrence has otherwise occurred at or affecting the Premises.

29. INSURANCE Prior to the delivery of possession of the Premises to Tenant, Tenant shall provide Landlord evidence satisfactory to Landlord (i) that fire and casualty and workers' compensation policies in amount and in form and content satisfactory to Landlord have been issued by a company or companies satisfactory to Landlord and will be maintained throughout the course of Tenant's work at Tenant's cost and expense and (ii) that Tenant has complied with the comprehensive liability insurance requirements set forth in the following paragraph.

Tenant will, at all times commencing on the date of delivery of possession of the Premises to Tenant, at its own cost and expense, carry with a company or companies, satisfactory to Landlord, comprehensive general liability insurance including public liability and property damage, in a form satisfactory to Landlord, on the Premises, with the combined single liability limits of not less than One Million Dollars (\$1,000,000.00) per occurrence, which insurance shall be written or endorsed so as to protect Landlord, its officers, agents and employees as additional

insureds. The Tenant agrees that the above stated limits and coverages are minimum limits and coverages, and that Tenant shall provide such additional insurance as set forth above, in such amounts and against such risk as may be required in the Landlord's sole but reasonable judgment, to equal the amounts and types of coverages carried by prudent owners and operators of properties similar to the Building. Tenant shall increase such limits at its discretion or upon reasonable request of Landlord but not more often than once every year and such increases shall not be in excess of generally accepted standards in the industry. Tenant covenants that certificates of all of the insurance policies required under this Lease, and their renewal or replacement, shall be delivered to Landlord promptly without demand upon the commencement of the term of this Lease and upon each renewal of the insurance. Such policy or policies shall also provide that it shall not be cancelled nor shall there be any change in the scope or amount of coverage of the policy without thirty (30) days prior written notice to Landlord. If same is not provided with ten (10) days after demand, Landlord is authorized to secure such policy from such companies as it deems appropriate and collect from Tenant in such a manner as it deems appropriate the cost of the premium.

30. SECURITY DEPOSIT

- (a) AMOUNT OF DEPOSIT Tenant will deposit a sum equal to the amount of the rent in the last month of the Lease with the Landlord before the commencement of this Lease. Such deposit shall be held by Landlord, without liability for interest, as security for the faithful performance by Tenant of all of the terms, covenants and conditions of the Lease by Tenant to be kept and performed during the term hereof. If at any time during the term of this Lease any of the rent herein reserved shall be overdue and unpaid, or any other sum payable by Tenant to Landlord hereunder shall be overdue and unpaid, the Landlord may, at the option of Landlord, appropriate and apply any portion of such deposit to the payment of any such overdue rent or other sum.
- (b) USE AND RETURN OF DEPOSIT In the event of the failure of Tenant to keep and perform any of the terms, covenants, and conditions of this Lease to be kept and performed by Tenant, then the Landlord at its option may appropriate and apply the entire such deposit, or so much thereof as may be necessary, to compensate the Landlord for loss of damage sustained or suffered by Landlord due to such breach on the part of Tenant. Should the entire deposit, or any portion thereof, be appropriated and applied by Landlord for the payment of overdue rent or other sums due and payable to Landlord by Tenant hereunder, then Tenant shall, upon the written demand of Landlord, forthwith remit to Landlord a sufficient amount in cash to restore such security to the original sum deposited, and Tenant's failure to do so within five (5) days after receipt of such demand shall constitute a breach of this Lease. Should Tenant comply with all of such terms, covenants and conditions and promptly pay all of the rental herein provided for as it falls due, and all other sums payable by Tenant to Landlord hereunder, such deposit shall be returned in full to Tenant at the end of the Lease Term or upon the earlier termination of this Lease.

31. INDEMNIFICATION Tenant agrees to save and to protect, indemnify and hold Landlord harmless from and against and to reimburse Landlord from any and all liabilities, damages, costs, expenses, including, without limitation, reasonable attorneys' fees, causes of action, suits, claims, demands, or judgments of any nature whatsoever arising from injury to or death of persons or damages to property resulting from Tenant's use of the Premises caused by any act or omission, whether intentional or otherwise, of Tenant or its employees, servants, contractors or agents.

32. COMPLIANCE WITH LAWS AND REGULATIONS Tenant agrees to and will comply with all applicable federal, state and local laws, ordinances and regulations. Tenant acknowledges and agrees that it will dispose of trash and grease in the containers designated by the Landlord for such disposal and not dispose of such substances in a manner that would violate applicable federal, state and local laws, ordinances or regulations.

33. FORUM SELECTION AND CHOICE OF LAW By virtue of entering into this Lease, Tenant submits itself to a court of competent jurisdiction in the City of Roanoke, Virginia, and further agrees that this Lease is controlled by the laws of the Commonwealth of Virginia and that all claims, disputes, and other matters shall only be decided by such court according to the laws of the Commonwealth of Virginia.

34. FORCE MAJEURE In the event that either party hereto shall be delayed or hindered in or prevented from the performance of any act required hereunder by reason of strikes, lockouts, labor troubles, inability to procure materials, failure of power, restrictive governmental laws or regulations, riots, insurrection, war, or other reason of a like nature not the fault of the party delayed in performing the work or doing acts required under the terms of this Lease, then the time allowed for performance for such act shall be extended by a period equivalent to the period of such delay. The provisions of this Section shall not operate to excuse Tenant from the prompt payment of rent, Common Area Maintenance Fee or any other payments required by the terms of this Lease.

35. EQUAL EMPLOYMENT OPPORTUNITY: During the performance of this Agreement, Tenant agrees as follows:

- (a) Tenant will not discriminate against any employee or applicant for employment because of race, religion, color, sex, national origin, age, disability, or any other basis prohibited by state law relating to discrimination in employment, except where there is a bona fide occupational qualification reasonably necessary to the normal operation of its business. Tenant agrees to post in conspicuous places, available to employees and applicants for employment, notices setting forth the provisions of this nondiscrimination clause.
- (b) Tenant, in all solicitations or advertisements for employees placed by or on behalf of Tenant, will state that Tenant is an equal opportunity employer.
- (c) Tenant will include the provisions of the foregoing subsections (a) and (b) in every contract or purchase order of over ten thousand dollars and no cents (\$10,000.00) so that the provisions will be binding upon each contractor or vendor.

36. DRUG-FREE WORKPLACE:

- (a) During the performance of this Agreement, Tenant agrees to (i) provide a drug-free workplace for its employees; (ii) post in conspicuous places, available to employees and applicants for employment, a statement notifying employees that the unlawful manufacture, sale, distribution, dispensation, possession, or use of a controlled substance or marijuana is prohibited in the workplace and specifying the actions that will be taken against employees for violations of such prohibition; (iii) state in all solicitations or advertisements for employees placed by or on behalf of Tenant that Tenant maintains a drug-free workplace; and (iv) include the provisions of the foregoing clauses in every subcontract or purchase order of over \$10,000, so that the

provisions will be binding upon each subcontractor or vendor.

- (b) For the purposes of this section, "drug-free workplace" means a site for the performance of work done in connection with a specific contract awarded to a contract awarded to a contractor, the employees of whom are prohibited from engaging in the unlawful manufacture, sale, distribution, dispensation, possession or use of any controlled substance or marijuana during the performance of the Agreement.

37. RULES AND REGULATIONS Tenant agrees to comply and adhere to Landlord's rules and regulations concerning the Building as stated in the attached Exhibit "D" attached hereto and made part of this Lease

38. SIGNAGE Tenant agrees to comply and adhere to Landlord's regulations concerning signage as stated in the attached Exhibit "E" attached hereto and made part of this Lease.

39. GUARANTY By virtue of entering into this Lease, Tenant agrees to have executed the Guaranty contained in Exhibit "F" attached hereto and made part of this Lease. Such Guarantor(s) shall first be approved by Landlord in writing. Tenant agrees to provide information concerning Guarantor(s) to Landlord upon request.

40. LIABILITY OF LANDLORD Landlord shall not be liable to Tenant, its employees, agents, business invitees, licensees, customers, clients, family members, guests or trespassers from any damage, compensation or claim arising from the necessity of repairing any portion of the Building, the interruption in the use of the Premises, accident or damage resulting from the use or operation (Landlord, Tenant, or any other person or persons whatsoever) of elevators, or heating, cooling, electrical or plumbing equipment or apparatus, or the termination of this Lease by reason of the destruction of the Premises, or from any fire, robbery, theft, and/or any other casualty, or from any leakage in any part or portion of the Premises or the Building, or from water, rain or snow that may leak into, or flow from, any part of the Premises or the Building, or from drains, pipes or plumbing work in the Building, or from any other cause whatsoever. Any goods, property or personal effects, stored or placed by Tenant in or about the Premises or Building, shall be at the risk of Tenant, and Landlord shall not in any manner be held responsible therefore. The employees of Landlord are prohibited from receiving any packages or other articles delivered to the Building for Tenant, and if any such employee receives any such package or articles, such employee shall be the agent of the Tenant and not of Landlord.

41. TENANT IMPROVEMENTS The landlord is willing to offer one (1) month total rent (\$818.00) in rent abatement toward Landlord approved improvements for the space. Landlord will ensure current electrical outlets are in proper working order, an additional outlet is installed, light fixtures are in proper working order, both exterior doors are fully functional, baseboards will be replaced, floor tiles will be buffed and waxed and new ceiling tiles installed in space.

42. BUSINESS HOUR MODIFICATION Landlord hereby grants to Tenant an exemption of business hours for a period of two weeks for Tenant to take vacation. Tenant shall notify Landlord several weeks prior to taking this vacation of this intention to close the business, and Tenant shall post a public notice with a professional quality sign notifying customers of this absence and return date.

Witness Signature

Witness Printed Name

Witness Signature

Witness Printed Name

LANDLORD:

CITY OF ROANOKE

By: _____
Print Name: Darlene Burcham
Title: City Manager

Witness Signature

Witness Printed Name

Witness Signature

Witness Printed Name

TENANT:

By: _____
Print Name: Francine Barish-Stern Bray
Title: President, Owner
SS#: _____

EXHIBIT A

FLOOR PLAN

EXHIBIT B
COMMON AREAS FLOOR PLAN

C:\DOCUME~1\CMSM1.000\LOCALS~1\TEMP\NOTES\FFF692\CREATIONS LEASE.DOC

Attach here

EXHIBIT C

MENU

Attach here if Food Court Tenant

Intentionally Omitted

EXHIBIT D

RULES AND REGULATIONS

1. All trash must be kept in a covered container, or if requested by Landlord, in a Dumpster or similar container furnished and serviced at Tenant's expense.

2. Tenant shall keep lights on in show windows, leased food court space and lights on under marquee, if any, from 10:00 a.m. until 6:00 p.m.
3. Tenant agrees to handle all deliveries and refuse through the Salem Avenue entrance (if one) of the Premises.
4. No sign shall be permanently affixed to the plate glass of any window without prior written consent of Landlord.
5. No solicitation material shall be displayed inside the building or affixed to the exterior of the building.
6. Tenant shall keep Premise's, windows and window frames clean (inside and out) at all times and wash them weekly.
7. Tenant shall keep Premises' floors free of trash, chewing gum and other debris, and shall scrub and wax all tile or plastic flooring at least weekly.
8. Tenant is responsible for the replacement of light bulbs in its space
9. Tenant is responsible for the replacement of air-filters and the monthly maintenance of their exhaust fans in its Premises by a licensed contractor on a basis predetermined by the Landlord.
10. Tenant shall be responsible for breaking down and having all cardboard boxes ready for pick up.
11. (Applies only to Food Court Vendors) Providing the availability of space for the purpose of storage, Landlord will allocate equally among all food vendors a set amount of space for the storage of a freezer or a refrigerator, food items and paper products. Items must be stored in accordance with Health and Fire codes. No restaurant equipment (unused or in disrepair) is to be stored in the area under any circumstances. Any prohibited items stored in this area will be removed at Tenant's expense. Tenant's not maintaining their own storage space per Health and Fire code requirements will be assessed a \$100.00 fee per occurrence. If a Tenant's space is in violation more than three times in a given year, Landlord will rescind Tenant's option to use available space.

EXHIBIT E

SIGN REGULATION

No sign, advertisement or notice shall be inscribed, painted, affixed or displayed on walls, windows, or any part of the outside or the inside of the Building including the directories, in place, number, size, color and style, unless approved by Landlord. If Tenant nevertheless exhibits such sign, advertisement or notice, Landlord shall have the right to remove the same and Tenant shall be liable for any and all expenses incurred by Landlord by such removal. Tenant further agrees to maintain such sign, canopy, decoration, lettering, advertising matter or other thing as may be approved in good condition and repair at all times. Landlord shall have the right to prohibit any advertisement of Tenant which in its opinion tends to impair the reputation of the Building or its desirability as a high-quality festival marketplace for retail stores or food related businesses, other institutions of like nature, and, upon written notice from Landlord, Tenant shall immediately refrain from and discontinue any such advertisement.

EXHIBIT F

GUARANTY
PERSONAL GUARANTEE
Intentionally Omitted

MC
IN THE COUNCIL OF THE CITY OF ROANOKE, VIRGINIA,

AN ORDINANCE authorizing the lease of 284 square feet of space located within City-owned property located in the City Market Building, for a term of one (1) year; and dispensing with the second reading of this ordinance by title.

WHEREAS, a public hearing was held on September 18, 2006, pursuant to §§15.2-1800(B) and 1813, Code of Virginia (1950), as amended, at which hearing all parties in interest and citizens were afforded an opportunity to be heard on the proposed lease.

THEREFORE, BE IT ORDAINED by the Council of the City of Roanoke as follows:

1. The City Manager and City Clerk are hereby authorized to execute and attest, respectively, in a form approved by the City Attorney, an agreement with Francine Barish-Stern Bray d/b/a Creations for the lease of approximately 284 square feet of space located within City-owned property in the City Market Building, for a term of one (1) year, upon certain terms and conditions, and as more particularly described in the City Manager's letter to this Council dated September 18, 2006.

2. Pursuant to the provisions of Section 12 of the City Charter, the second reading of this ordinance by title is hereby dispensed with.

ATTEST:

City Clerk.



CITY OF ROANOKE OFFICE OF THE CITY MANAGER

Noel C. Taylor Municipal Building
215 Church Avenue, S.W., Room 364

Roanoke, Virginia 24011-1591

Telephone: (540) 853-2333

Fax: (540) 853-1138

City Web: www.roanokeva.gov

September 18, 2006

Honorable C. Nelson Harris, Mayor
Honorable David B. Trinkle, Vice Mayor
Honorable Alfred T. Dowe, Jr., Council Member
Honorable Beverly T. Fitzpatrick, Jr., Council Member
Honorable Sherman P. Lea, Council Member
Honorable Gwendolyn W. Mason, Council Member
Honorable Brian J. Wishneff, Council Member

Dear Mayor Harris and Members of City Council:

Subject: Request of Appalachian Power
Company for Easement on City
Owned Property - #1020310
Fire-EMS Headquarters Building

Appalachian Power Company has requested a surface and sub-surface easement approximately 10' x 65' across city-owned property identified by Tax Map No. 1020310, located on Franklin Road, SW, the site of the new Fire-EMS Headquarters Building. The easement is needed to provide underground electrical service to the new building. The proposed easement is described in the attached Agreement, and shown on Drawing No. V-1734. See Attachments #1 & #2.

Recommended Action(s):

Following a public hearing, adopt the accompanying ordinance authorizing the City Manager to execute the appropriate documents granting a utility easement as described above to Appalachian Power Company, approved as to form by the City Attorney.

Respectfully submitted,

A handwritten signature in cursive script, reading "Darlene L. Burcham".
Darlene L. Burcham
City Manager

DLB/SEF

Attachments

c: Mary F. Parker, City Clerk
William M. Hackworth, City Attorney
Jesse A. Hall, Director of Finance
Philip C. Schirmer, City Engineer
Sarah E. Fitton, Real Estate Acquisition Specialist

CM06-00159

MAP NO. 3780-278-A3
PROPERTY NO. 1
EAS NO. _____

W. O. NO. W001400002
JOB NO. 061021044

THIS AGREEMENT, made this _____ day of _____, 2006, by and between the **CITY OF ROANOKE**, a municipal corporation existing under the laws of the Commonwealth of Virginia, herein called "**GRANTOR**," and **APPALACHIAN POWER COMPANY**, a Virginia corporation, herein called "**APPALACHIAN**."

WITNESSETH:

THAT FOR AND IN CONSIDERATION of the sum of ONE DOLLAR (\$1.00), the receipt of which is hereby acknowledged, the **GRANTOR** hereby gives license and permit to **APPALACHIAN**, its successors and assigns, and the right, privilege and authority to said **APPALACHIAN**, its successors and assigns, to construct, erect, operate, and maintain a line or lines for the purpose of transmitting electric power underground on the property of the City of Roanoke, further identified as Roanoke City Tax Parcel number 1020310 in the City of Roanoke, Virginia.

BEING a right of way and easement, in, on, along, through, across or under said lands for the purpose of providing service to the fire station located at Elm Avenue, S.W., and Franklin Road, S.W., as shown shaded on that certain Appalachian Power Company Drawing V-1734 dated 8-9-06, entitled "Proposed Right of Way on the Property of City of Roanoke", attached hereto and made a part hereof.

TOGETHER with the right to said **APPALACHIAN**, its successors and assigns, to construct, erect, install, place, operate, maintain, inspect, repair, renew, remove, add to the number of, and relocate at will, underground conduits, ducts, vaults, cables, wires, transformers, pedestals,

risers, pads, fixtures and appurtenances (hereinafter called "Appalachian's Facilities"), in, on, along, over, through, across and under the above referred to premises; the right to disturb the surface of said premises and to excavate thereon, and to cut down, trim, clear and/or otherwise control, and at Appalachian's option, remove from said premises any trees, shrubs, roots, brush, undergrowth, overhanging branches, buildings or other obstructions which may endanger the safety of, or interfere with the use of Appalachian's Facilities, and the right of ingress and egress to and over said above referred to premises and any of the adjoining lands of the Grantors at any and all times, for the purpose of exercising and enjoying the rights herein granted, and for doing anything necessary or useful or convenient in connection therewith. The Grantor hereby grants, conveys and warrants to Appalachian Power Company a non-exclusive right of way easement for electric facilities.

In the event **APPALACHIAN** should remove all of said Appalachian's facilities from the lands of the **GRANTOR**, then all of the rights, title and interest of the party of **APPALACHIAN** in the right of way and license hereinabove granted, shall revert to the **GRANTOR**, its successors and assigns.

APPALACHIAN agrees to indemnify and save harmless the **GRANTOR** against any and all loss or damage, accidents, or injuries, to persons or property, whether of the **GRANTOR** or any other person or corporation, arising in any manner from the negligent construction, operations, or maintenance, or failure to properly construct, operate, or maintain said Appalachian's facilities.

TO HAVE AND TO HOLD the same unto Appalachian Power Company, its successors and assigns.

Upon recordation of this agreement Appalachian accepts the terms and conditions contained therein.

NOTICE TO LANDOWNER: You are conveying rights to a public service corporation. A public service corporation may have the right to obtain some or all of these rights through exercise of eminent domain. To the extent that any of the rights being conveyed are not subject to eminent domain, you have the right to choose not to convey those rights and you could not be compelled to do so. You have the right to negotiate compensation for any rights that you are voluntarily conveying.

WITNESS the signature of the City of Roanoke by Darlene L. Burcham, its City Manager, and its municipal seal hereto affixed and attested by _____, its City Clerk pursuant to Ordinance No. _____ adopted on _____.

CITY OF ROANOKE

CITY MANAGER

ATTEST:

CITY CLERK

STATE OF VIRGINIA)
) TO-WIT:
CITY OF ROANOKE)

I, _____, a Notary Public in and for the City and Commonwealth At Large, do certify that Darlene L. Burcham, City Manager of the City of Roanoke, whose name is signed to the writing above, has acknowledged the same before me in my jurisdiction aforesaid.

Given under my hand this _____ day of _____, 2006.

My Commission Expires:

Notary Public

STATE OF VIRGINIA)

) TO-WIT:

CITY OF ROANOKE)

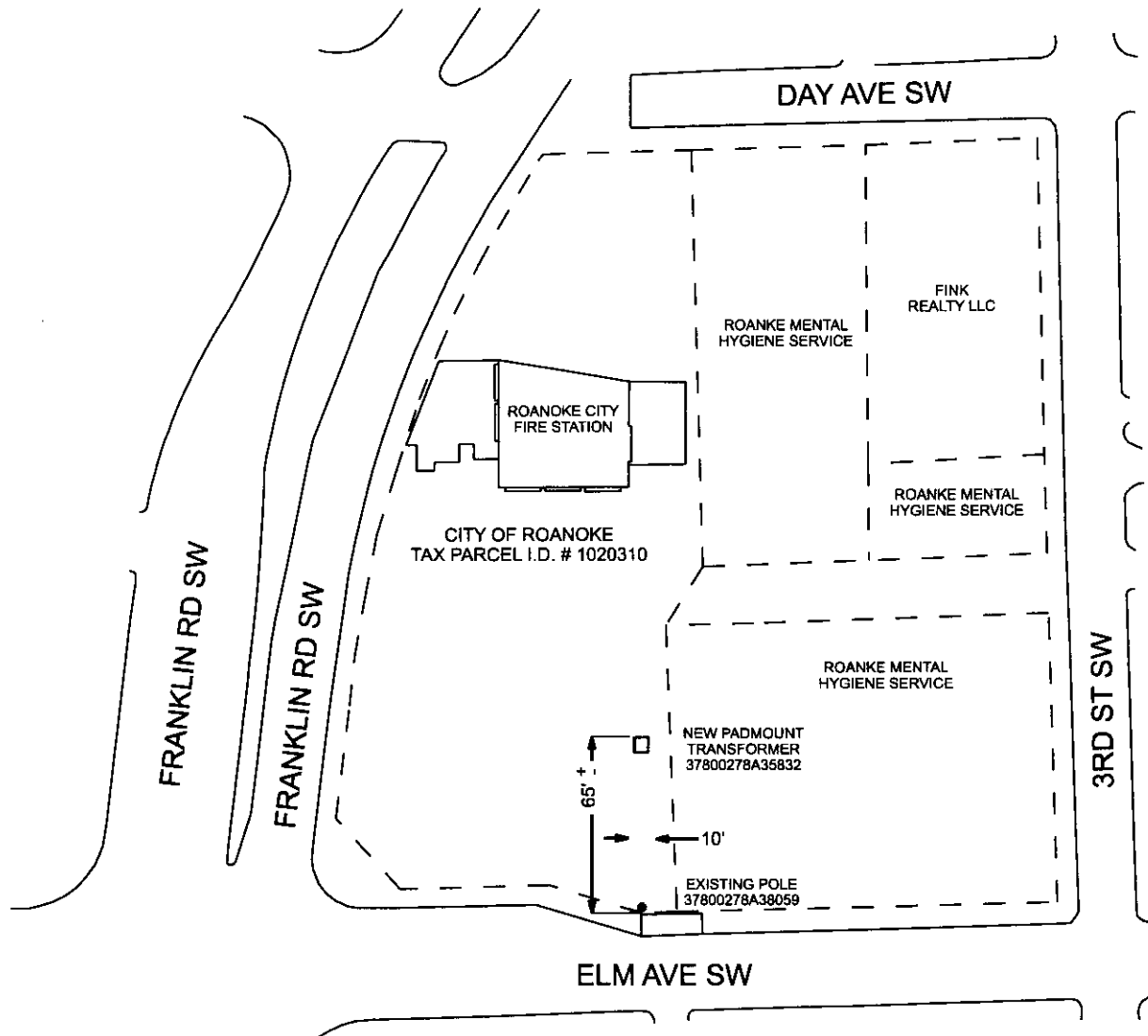
I, _____, a Notary Public in and for the City and Commonwealth At Large, do certify that _____, City Clerk of the City of Roanoke, whose name is signed to the writing above, has acknowledged the same before me in my jurisdiction aforesaid.

Given under my hand this _____ day of _____, 2006.

My Commission Expires:

Notary Public

[illegible]



ROANOKE, VIRGINIA
T.D. 665020
MAP SECTION 37800278A3

APPALACHIAN POWER COMPANY	
CHARLESTON REGION-ROANOKE DISTRICT-ROANOKE, VIRGINIA	
PROPOSED RIGHT OF WAY ON THE PROPERTY OF CITY OF ROANOKE	
DRAWN BY: KJW	DATE: 8/9/06
APP. BY: CPH	SCALE: NONE
SHEET 1 OF 1	
DRAWING NO.	V-1734

IN THE COUNCIL OF THE CITY OF ROANOKE, VIRGINIA

AN ORDINANCE AUTHORIZING the conveyance of a surface and sub-surface easement of an approximate width of 10 feet and an approximate length of 65 feet across City-owned property identified by Official Tax Map No. 1020310, located on Franklin Road, S.W., to Appalachian Power Company, to provide electrical service to the new Fire – EMS Headquarters Building, upon certain terms and conditions; and dispensing with the second reading by title of this ordinance.

WHEREAS, a public hearing was held on September 18, 2006, pursuant to Section 15.2-1800(B) and 1813, Code of Virginia (1950), as amended, at which hearing all parties in interest and citizens were afforded an opportunity to be heard on such conveyance.

THEREFORE, BE IT ORDAINED by the Council of the City of Roanoke that:

1. The City Manager and City Clerk are hereby authorized to execute and attest, respectively, upon approved by the City Attorney, the necessary documents donating and conveying a surface and subsurface easement of an approximate width of 10 feet and an approximate length of 65 feet across City-owned property identified by Official Tax Map No. 1020310, located on Franklin Road, S.W., to Appalachian Power Company, to provide electrical service to the new Fire – EMS Headquarters Building, as more particularly set forth in the September 18, 2006, letter of the City Manager to this Council.

2. Pursuant to the provisions of Section 12 of the City Charter, the second reading of this ordinance by title is hereby dispensed with.

ATTEST:

Acting City Clerk